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London, Thursday, March 5, 1998

# morably of life on the adjacen kind. With Flags (1878), which is a fact that stands for an include the stands of Story was miner once in Concon was a visitor to the studio. And alread all showed his interest in railread against the Training and Language of Argentical concentrations and Information

By Seth Faison New York Times Service

YUXI, China --- Chu Shijian is siill a hero in this ramshackle town, even though he stands accused of diverting The partings, which were have presented at the third impressment for the first for the first form help. more than \$145 million from state coffers, one of the most spectacular cases of alleged corruption in China since the Communist Party came to power nearly 50 years ago.

A short and unpetuous man, often seen on a factory floor with his sleeves rolled up and a "Red Pagoda" cigarette dangling from his lower lip. Mr. Chu cul a distinctive figure at the tobacco company he led for 17 years. making it the largest in the nation, Mr. Chu now languishes in jail here in Yunnan Province, hut Red Pagoda cigarettes are the most popular brand in all

Many residents credit Mr. Chu with single-handedly bringing prosperity and pride to Yuxi, creating thousands

ni juhs and huilding the mwn's only skyscraper. In Beijing, Mr. Chu is por-trayed as a criminal degenerate, who sold eigarettes at \$1.50 or mure a pack but booked revenue at only \$1, pocketing millions according to an official report. Authorities say he hid his loot in duzens of bank accounts before he was caught trying to escape to Vietnani a vear agn.

In between these two extremes lies a more accurate picture of Mr. Chu, as a dedicated and talented manager, working in a system so secretive and economically irrational that it encourages inaccurate financial reporting, even on a massive scate, as well as outright embezzlemeni.

Mr. Chu and the story of Red Pagoda embody a central paradox of China today: Virtually any company that carns a multimillion-dollar income, striving to become modern in a system that remains stubbornly old-lashioned. is wide open to so much corruption that



Prime Minister Li Peng, left, conferring with Zhu Rongji, soon tu be his successor, as the National Peuple's Congress opened in Beijing.

success almost inevitably leads to financial shenanigans that can spoil any chance of efficiency or genuine prof-

The authorities like to portray corruption in China as the fault of a few immoral individuals, or as a minor

obstacle to reform, rather than as a

symptom of deeper trouble. Yet corruption is virtually built into a system where prices are controlled but finances are not.

As executives and officials here admit when pressed, there barely exists a

See CHINA, Page 4

# A Blunt Pragmatist Set to Rise in Beijing

The 'Economic Czar' Expands His Power

By Steven Mulson

BEIJING - When Zhu Rongji, then the mayor of Shanghai, toured the United States in July 1990, many people called him "China's Gorbachev," an appellation that annoyed him. I'm not China's Gorbachev," he

and, "I'm China's Zhu Rongji," Today, there is little doubt that the unt-spoken Mr. Zhu is an original. During the annual session of the National People's Congress that starts Thursday, ne is scheduled to become China's new prime numster and so exband his already considerable power.

Since being handed the seemingly impossible task in early 1993 of managing China's chaotic economy, Mr. Zhu has moved to remake an arthritic Communist system and bring it into the market-oriented modern age. Moreover, he has done this while engineer-

ing a son landing for China's over-

heated economy and dodging the Asian financial crisis.

He will go down in history as one of the great economic figures of the 20th century," said Robert Hormats, an executive at Goldman Sachs & Co. who has met Mr. Zhu on several oc-casions. "I place him in the same cat-

Zhu Rongji faces big problems, but just how big are they? Page 13.

egnry with the great Ludwig Ehrhard, who hy virtue of his intellect, determination and courage of convictions was largely responsible for engineering the German economic miracle."

He has a long-term strategic vision of where to go and how to get there." said Nicholas Lardy, an economist at the Brookings Institution who has been a critic of China's hanking system.

See ZHU, Page 4

# Today: the quarter seems and to seems and the product trispiration Bone. Israel Holds Lebanese for the show, it has not tributed to this show, it has no

For Possible Prisoner Exchange Is Justified

The ruling was the first official confirmation that the Lebanese, who num-

The existence of the group has been reported from time to time, in Israeli newspapers and in reports by human rights organizations, but the reason for

World War II

I'd the east was als AT&T DIRECT Camp in Poland. in the southern city of Stungart since he returned from Kazakhstan in 1991 under a program allowing repatriation of ethnic Germans. He was imprisoned until 1958 in a Siberian penal colony after being found guilty of war crimes by the Soviet Union.

The German state prosecutor, Sabine Maylaender, said Mr. Goetzfried had testimony to Nazi war crimes inves-Tuesday.

his statements.

During earlier investigations held by British and Soviet authorities in the 1950s, prosecutors said Mr. Goetzfried had denied any involvement in war crimes and had insisted that he only tended horses for the German Army.

But in his recent testimony, Mr. Goetzfried acknowledged that he had shot

# As 'Bargaining Chips'

or Jacques Chirac and Michel Magan Mass Slayer in

> nounced the arrest on Wednesday of a former German officer accused of participating in the killings of more than 70,000 people at a World War II death

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Supreme Court Says Decision to Keep Group

their captivity has been generally held By Serge Schmemann
New York Tunes Service

JERUSALEM - The Israeli Supreme Court has ruled that the state is justified in detaining a group of Lebanese nationals, some for several years, on the chance that they could be used as "bargaining card" in a prisoner exage, according to documents made

public Wednesday. . ber 21, according to their lawyer, were being held solely as hostages.

# Germans Seize Ex-Nazi, 78, as

By William Drozdiak

BERLIN - German authorities an-

The suspect, identified as Alfons Goetzfried, 78, had been living quietly

been a low-ranking officer for the Gestapo secret police who made selfincriminating statements while giving tigators last summer. He was arrested

An arrest warrant was drawn up for Mr. Goetzfried when archive material was found in February that corroborated

### See GERMANS, Page 6

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# The word monopolist bounced around the room

The Supreme Court's decision, written by Chief Justice Aharon Barak, was reached in November but was made public only Wednesday after repeated appeals hy the lawyer for the Lebanese,

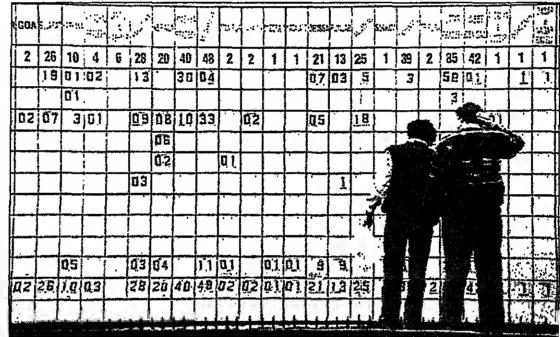
In effect, the court acknowledged that the Lebauese detainees - most of whom belong to Hezbollah, the Islamic movement that is waging a war to oust Israel from its self-proclaimed buffer zone in southern Lebanon — did noi themselves pose any threat to security, and were not guilty of any wrong-

Such a hostage, Justice Barak wrote, was "a bargaining card," that is, someone "captured to achieve a goal, and not himself the target."

I am convinced that detentions of individuals for the sake of freeing our missing and captured men constitutes a vital interest of the state," Justice Barak wrote, "There is no denying the fact that Israel is in a state of emergency due to the threats hovering over its existence and citizens from within and from abroad," Justice Barak added: "In situations like this, damage to hasic human rights is obligatory. Sometimes even grave and painful damage."

The three-judge panel split, 2 to 1, on the case, and Justice Barak agreed to Mr. Rish's request for a review of the matter hy a nine-judge panel. Though the decisinn technically went against the Lebanese. Mr. Rish noted that at least now he and other Israelis could talk openly about the existence of the hostages Although the court did not refer to

See ISRAEL, Page 4



Election workers updating the latest results Wednesday from India's parliamentary elections.

# U.S. Court Clarifies Job Harassment

Victim and Perpetrator in Workplace Can Be of the Same Sex

By Joan Biskupic Washington Post Service

WASHINGTON — The Supreme Court ruled Wednesday that a federal law against sexual harassment at work covers misconduct even when the

victim and harasser are the same sex. The unanimous decision ensures for the first time that men who are taunted or ahused hy other men, or women who are harassed by other women, can sue for

monetary damages arising from what they endure. The case involved a Louisiana offshore nil rig work. er who was subjected to sex-related humiliation and assault by his boss and co-workers, who were all men. A U.S. federal appeals court threw out the case, ruling that the law against sex discrimination, known as Title VII, applied only to harassment between the sexes.

But in reversing that decision Wednesday, Justice Antonin Scalia wrote for the court that nothing in the law forbids a claim of discrimination because the victim and perpetrator are the same sex.

"Male-on-male sexual harassment in the workplace was assuredly not the principal evil Congress was concerned with when it enacted Title VII." Justice Scalia wrote. "But statutory prohibitions often go beyond the principal concerns of nur legislators." Advocates for gay men and leshians had especially

followed the case and hailed the decision. Beatrice Dohm, legal director of Lambda Legal Defense and Educational Fund, said, "This is important for them because they often experience this rm of harassment,"

See HARASS, Page 12

# **Nationalists Get** A Push Toward Power In India

Needing 22 Seats for a Majority, Bharatiya Janata Party Wins **Backing From Regional Groups** 

By John F. Burns

NEW DELHI - India's main Hindu nationalist party edged closer Wednesday to forming a govemment as key regional parties began rallying to the nationalists, bringing them closer to an outright ma-

jority in Parliament.

The Bharatiya Janata Party, known as the BJP, has governed in several northern states of the once in New Delhi, in an abortive administration that lasted for 13 days in 1996.

The party's years of frustration, however, appeared to be nearly over as several parties in widely separated regions of the country declared their backing for a BJP-led government, or offered hints that they might abandon traditional antipathies for Hindu nationalism

and offer parliamentary support.

The Hindu nationalists' prospects hrightened as final results were announced for all hut a handful of the parliamentary seats in a general election that climaxed with a decisive round of voting last weekend.

The results showed that the Bharatiya Janata Party and its allies won 250 out of 543 seats being contested in the election. This was by far the best showing by the Hindu nationalisis in nearly 50 years of electoral politics, and left them only 22 seats short of the majority of 272 they would need when Parliament

meets later this month. After lengthy meetings in New Delhi, leaders of the Congress (1) Party, the Hindu nationalists' principal political foe for decades, announced that they would try and block the nationalists by forging a "secular front" with the third major political bloc, the United Front.

The election results gave the Congress Party and its electoral allies 166 seats, and the United Front 98 seats, for a potential coalition total of 264 seats, 8 seats short of a majority.

See INDIA, Page 12

# AGENDA

AFTER THE RAMPAGE - Ethnic Albanians at the burial in Likosane, Yugoslavia, on Wednesday of 14 victims of a ferocious Serbian police sweep against rebels of the Kosovo Liberation Army. Page 7.

# **Major Powers Plan** To Meet on Kosovo

LONDON (Reuters) - Fnreign ministers of the major powers will hold emergency talks on the crisis in the Serhian province of Kosovo in London on Monday, the Foreign Office said Wednes-

day.
The U.S. special Balkan envoy, Robert
Gelhard, said the six-nation Contact Group could threaten new sanctions against Yugoslavia if President Slobodan Milosevic did not act to ensure that tensions with the ethnic Albanian majority in Kosovo were resolved peace-

Western powers have condemned the killing of at least 24 ethnic Albanians by Serhian police in fighting last weekend in the southern province.

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# **Indonesia Faces** Delay in IMF Aid

Stocks and currencies fell across Southeast Asia as it became clear that the International Monetary Fund would probably delay hillions of dollars in in-

ternational aid to Indonesia. Adding to a chorus of warnings from Washington, officials at the IMF were quoted as saying that the \$3 hillion due to be approved for Indonesia by March 15 would probably be suspended until lakarta followed through on promises to insultate economic reforms and austerity

Stocks in Singapore dropped 1.34 percent, Taiwan stocks fell 2.54 percent, Thailand finished 2.13 percent lower and Philippine shares dropped 1.75 percent.

# A Horatio Alger? A Predator? Whatever, Bill Gates Draws a Crowd

By Lizette Alvarcz

New York Times Service WASHINGTON - Bill Gates walked into the Senate hearing room flanked by his home state of Washington's two senators, who were like a couple

of bodyguards ready to ward off the blows. The chairman and co-founder of Microsoft Corp. had arrived in town to lay the groundwork, shake hands, answer questions and play the political game he had been accused of ignoring for too long. But in a few short hours before the Senate Judiciary Committee on Tuesday, Mr. Gates saw his spruced-up image sputter all over again.

so many times it felt like an echo chamber. Microsoft was likened to a giant hair ball that consumes everything in its path. It was suggested he was disingenuous, greedy and naive.
The senators of the Indiciary Committee who

had gathered to hear Mr. Gates state his case, tonk a kind of giddy delight in making the wealthiest man in America squirm in his seat. If Republicans fell any skinishness about their trust-husting line of questioning, it did not show.

"At the end of the day, what really counts is building good software," Mr. Gates said just be-fore the hearing concluded, summing up his corporate philosophy. "But not if there is predatory pricing and mono-

polistic practices," said Senator Orrin Hatch, Republican of Utah, a state with a fair computer something like this," said Eric Reed, as he waited for publican of Utah, a state with a fair computer industry of its own. Mr. Hatch, who heads the committee and invited Mr. Gates to testify, said, "It isn't just the business of selling software, but

selling it fairly." It was clear everyone was really there to see and hear Mr. Gates, whose net worth is about \$46 hillion. Not even Trent Lott, the Senate majority leader, could resist making a cameo appearance.

The line for a seal in the hearing room started before dawn and hy 10 A.M. it snaked around corners, up ramps and down hallways. Two State Department interns took the day off to watch history unfold, they said. "It's the first time in

a seat. "He's the icon of technology. You can always see a senator or a congressman, but not Gates."

Mr. Gates never lost his composure. With his loose-fitting suit and his raspy voice, he talked shop with the senators. Painting himself as a kind of plucky Horatio Alger, he talked about his philanthropy and the vigor of the high-technology industry. Look at all the jobs, he said, and the money that is being pumped into the economy.

But his competitors would have none of it. "They have done everything they can think of to put us out

See GATES, Page 12

# PAGE TWO

Graca and Madiba / South Africa's Long Romance

# To Mrs. Machel, Life With Mr. Mandela Is All About Independence

By Sally Quinn Washington Post Service

OHANNESBURG — She takes her place at the lectern, adjusts the microphone and looks down at the audience. Nelson Mandela sits in the front row. A gentle smile comes over her face.

'Madiba,'' she says softly, addressing him as "Revered One," as if there were nobody else in the room

Mr. Mandela, lawyer, freedom fighter, sur-vivor of torture, beatings and 27 years of imprisonment, symbol of resistance to apartheid, world hero and president of South Africa, melts. His eyes mist, his face lights up, his grin spreads across his face, his shoulders

Later she will say about his reaction, with a knowing and womanly laugh: "Yes, yes. He deserves those small things."

Graca Machel is the woman he loves. The woman he will admit has him "blooming like

She is the woman who rescued him from the terrible loneliness after his breakup with Winnie Mandela soon after be was released from jail. She is the woman everyone in South Africa suspects he will marry, despite her increasingly weaker protestations to the con-trary. She is already, in effect, the first lady of South Africa.

She is also a lawyer, widow of the former president of Mozambique, a former freedom fighter, former minister of educatioo in Mozambique and supervisor of last year's UN report on "The Impact of Armed Conflict on

She is 52. He is 79.
Mrs. Machel rarely gives interviews. She knows that though she wants to talk about her work with children, the reporters always want to talk about her relationship with Mr. Mandela. She is right.

In the living room of Mr. Mandela's private home in Johannesburg, Mrs. Machel is in oegotiations with six rambunctious boys, aged between 6 and 10. The house is a large whitewashed huilding surrounded by a tall wall with a guardhouse manned by two guards, and Mrs. Macbel lives here with Mr. Mandela when sbe the boys are playing video games, and she is trying to persuade them to leave.
"You can go to your grand-

father's study," she cajoles. They won't hear of it. All of them protest at once.

Mrs. Machel shrugs, gives up. This formal room has been co-opted and turned into a playroom. The side porch will have to do for the interview.

She kicks off her shoes, curls up her feet under her and grins expectantly. How does she feel about the reverence with which she is generally

"Please," she begs, "don't compare me with Madiba." "I'm not like him," she

says. "I don't know whether I want to be like him. He's the kind of person who will be history for a long time." They met for the first time

in Mozambique in 1990, shortly after his release from prison. Mr. Mandela had come, at least partly, to see her. Before his death in 1986, President Samora Machel had asked Oliver Tambo, president of the African National Congress, to look out for her

and the children if anything happened to him. But when Mr. Machel's plane went down under suspicious circumstances, Mr. Tambo, weakened by a stroke (be died in 1993), was unable to give the emotional support be had promised. When Mr. Mandela was freed, Mr. Tambo asked him to play the protective role.

Mrs. Macbel went to the airport to greet him. I wanted to see him set his feet oo the soil,"

It was there that Mr. Mandela has said he first knew Graca was the one for him. He had skipped past ber in the receiving line, not knowing who she was. Wheo be was told, he burried back and greeted her again. At that



Graca Machel is the woman who rescued Nelson Mandela from the terrible loneliness after his breakup with Winnie Mandela. She is already, in effect, the first lady of South Africa.

moment, he has related to friends, it

It was then, she says, that Mr. Mandela 'took over the concern" of ber and her children from Tambo. "He was not a formal godfather, hat after many years, when we started to have this relationship, of course now be is the father of my two children."

Now that they are together the two of them have become almost icons. Mr. Mandela is treated by many as some sort of saint.
"Oh, come on!" she says with a laugh.

He's a buman being." But then, growing serious: "There is a myth aboot him. That is built up. He is a symbol and we oeed those symbols, those myths. They help us to move in those directions of the ideal. They push us in our best instincts to try to be role models. But when you come to

know him, he's a very simple and very humble person. He cares aboot the little things in life. He's very gentle. He makes sure everyone around him is very comfortable, feels well and strong. He needs to have human touch. It's very normal and touching. He is a mix of greatness that is a symbol and very simple and humble. It's important to be a symbol bot he is not a saint.

He has weaknesses."

One of them, she says, is that "sometimes he is not very patient in discussions of very important things."

Once he's made up his mind, he tends to be very stuhborn," she said. "He doeso't accept that he's

She grins and slaps a reporter on the knee in mock anger, complaining that the subject was supposed to be children, oot Nelson Man-

In fact, she rather likes talking about him, although she seems to think the subject ought to be taboo. But she becomes equally passionate describing her work, particularly with children of war.

Her interest in children grew out of her work as education minister in Mozamhique, a position she held for 10 years, even after her basband died. She talks about visiting refugee camps and seeing mothers holding dying chil-

dren and begging for her help.
"I feel like crying. You feel so powerless. I
don't take easily those situations, I doo't hide my feelings. Those are the weaknesses. I can't help it. I tend to be very emotional. My feelings are stronger than my rationality.

In Mozambique, she bas a foundation of her own, which she continues to run from South Africa, where she is spending more and more. time. In South Africa she has been speaking on children's issues to the Truth and Reconciliation Commission, which investigates human rights abuses during apartheid, as well as to nongovernmental organizations.

OES SHE HAVE more power now to get things done because of her relationship with Mandela? "It's not something I like very much but it's true," she says, and it's obvious that she's conflicted on the subject. Then quickly, almost defensively, "But I have a reputation of my

She added: "I want to keep my independence. I want people to see me as myself and not a reflection of somebody else. I cherish

She had been honored the night before at a dinner given by the New England Circle, a Boston-based "global citizens roundtable," for her work with children.

When Mr. Mandela entered with Mrs. Machel it was as if royalty had walked through the door. They hardly had time to eat for the

number of people coming over to greet them.

After Mrs. Machel had concluded her remarks, Mr. Mandela, sitting in the front row, crooked his finger at her. She dutifully rose and walked to the edge of the platform, where he was waiting. With that be took her hand, pulled her down toward him and gave her a hig kiss, to the stunned delight of the crowd:

Today she does not say they won't get married. She has been the one resisting the idea, to protect her independence, her identity. The idea of being married to a man like Nelson Mandela would be daunting to anyone. Is that what stops her?

She pauses and frowns. "This is a hard subject," she says. And then finally, as if she has resolved the issue: "It wouldn't be that I would be giving op my independence. Madiba respects my independence. It wouldn't be that. It's not us. We are O.K."

She leans back and smiles a contented smile. 'Actually.' she says, 'oothing would

# Vietnam Bares a Rebellion by Peasants

### In a Move Toward Liberalization, It Escorts Newsmen to Site of Revolt

By David Land Los Angeles Times Service

QUYNH HOA, Vietnam — Last summer, a remarkable event occurred in this win back the confidence of investors. isolated commune: Peasant farmers protesting corruption, high taxes and

the Communist regime lost the support oumbing bureaucracy and corruption of peasants - who make np 80 percent and start opening up society to create a of Vietnam's population of 74 million more favorable business climate. and represent the regime's main bulwark - what was to stop it from losing con- pledges from other leaders. trol of the whole country!

Hanoi also worried because the peasants were not just unemployed dissidents. Many were former soldiers. Their province, Thai Binh, was a birthplace of resistance against Japanese invaders and French colonialists. Thai Binh - population 1.8

million - sent off a half-million of its young men to fight the Japanese, French, Americans and South Vietnamese between 1940 and 1975. Forty-seven thousand were killed. More than 1,800 mothers lost two or more sons. Hanoi initially responded

to the rebellion in the province, about 100 kilometers (60 miles) southeast of Hanoi, with predictable silence. It banned foreign correspondents from visiting. then made public in the Vietnamese media a sanitized version of the disturbances. Last month, in a turnabout

nearly as remarkable as the rebellion itself. Hanoi escorted 18 foreign correspondents to the scene of the worst violence, Quynh Hoa, where local officials talked with surprising candor about what had gone wrong. It is believed to have been the first time the Vietnamese have invited journalists to report on what was essentially an un-

favorable story.

"We led the fight against foreign invaders, but to tell you the truth, we made some mistakes in economic manage-ment," said Phan Nguyen Duyet, the commune's Communist Party secretary. 'Our cadre were not well-qualified, and

The decision to invite the journalists

officials at the main trade union group-

reached by the labor movement in this

country," said George Odiko, assistant

secretary-general of the Central Orga-

He said the union grouping had called a workers' rally in Nairobi on Thursday at

4.00 P.M to seek public endorsement for

The bank workers action has para-

the action and announce a strike date.

A general strike is the decision

ing said Wednesday.

nization of Trade Unions.

- made at the highest level of the gov- electricity. But Hanoi's new economic ernment - came when Hanor is buzzing with new decrees apparently designed to loosen the constraints of government and

Foreign investment cootracts dropped percent, a school with 18 classrooms.

The policies also brought access to nearly 50 percent last year, tourism has lack of government responsiveness re-belled against their local leaders, taking thousand the pace of economic re-belled against their local leaders, taking to be a solution of the pace of economic re-form has slowed drastically. Against that the funds designed to build infrastructure. The uprising, which spread to other the pace of economic re-backdrop, Prime Minister Phan Van The Communist cadre running the com-mune got greedy.

The businessmen had heard similar



ONE SIZE FITS ALL - A market seller offering a traditional Vietnamese conical hat in Hanoi, where baseball caps are becoming popular.

locales and lasted several mooths, un-leashed nightmarish visions in Hanoi. If that Vietnam would rein in the country



This time, however, the prime minister's remarks were followed by a moch-applauded devaluation of the local currency and decrees to speed the approval of investment licenses, ease customs regulations, broaden the num-ber of industries eligible for temporary tax relief — and, coincidentally or not, bring journalists to Thai Binh.

Quynh Hoa's 7,000 residents average the equivalent of \$150 each in annual earnings and the commune remains so remote that the journalists were the first

Kenyan Unions Call General Strike Over Dismissals

Reuters

NAIROBI — Kenyan union leaders called a general strike in sympathy with low President Daniel arap Moi since he instruments on either the last made no comments on either the IMF statement or the union call.

Mr. Odiko said the secretaries general

The new strike is viewed as likely to

undermine economic growth, already slowed by heavy rains linked to the El

Last week, the International Monetary

Fund said Kenya faced a grim year, with

gross domestic product growth declin-ing, the budget deficit rising, inflation climbing and the valoe of the currency

thousands of bank workers who were won a final five-year term as president of

dismissed after protesting tax increases, the East African nation of 28 million

people in December.

Niño weather phenomenon.

poncies brought many welcome changes: a narrow road, pumping stations for irrigation, electricity, radios in 89 percent

Since 1990, officials said, 20 cadre members had embezzled from \$100 to \$2,000 each from poblic works projects. That may not be much money where you come from," said Mr. Duyet, the party secretary, "but here it is a huge

Farmers who complained about the corruption and the size of "contributions" people had to make to each public works project were dismissed as ingrates.

Last summer, they took matters into their own hands. An unknown number of peasants, armed with knives and cluhs, took cootrol of the road to Quynh Hoa. They closed the marketplace, interrupted weddings and funerals, prevented some farmers from working in the surrounding rice paddies and stormed the party headquarters, a small compound that functions as a sort of town hall.

When provincial officials sent 20 policemen to quiet things in November, the officers were disarmed, tied up and beld hostage for four days. Some were beaten and three were hospitalized, of-ficials said. Two womeo sent by higher aothorities to pacify

female farmers were also taken hostage. The standoff ended without any deaths after Hanoi promised to take action.

So far, 20 of the commuoe's 37 cadre members have been dismissed. Of the 300 or so peasants involved in disturbances throughout the province, most have been "severely punished" and have undergooe "self-criticism ses-sions" or are awaiting trials.

Western political analysts said the un-rest in Thai Binh was indicative of tensions in many of the natioo's rural areas, foreigners ever seen here, elders said.

Before Vietnam embraced a quasifree-market economy in 1989, no road reached Quynh Hoa. No one owned a motor scooter. No home had a tin roof or

Mr. Odiko said the secretaries-general of all major workers' groups affiliated to the unions' organization had agreed to

call the strike, and their decision had been endorsed by some 5,000 workers

camping outside the umhrella group's

offices and loodly calling for a oatioo-

Some 12,000 bank workers in 42

banks across the country, representing at

least 400 bank branches, went on strike Friday to protest an increase in the tax on

soft loans and said they would not return

to work until it was scrapped. Their

wide protest,

Mr. Moi, 73 and in power since 1978, employers reacted by dismissing them.

# TRAVEL UPDATE

# Cathay Pacific Sees a Bright Side

HONG KONG (AP) — Despite the economic turmoil in East Asia, Cathay Pacific of Hong Kong will double daily flights from the territory to London, Los Angeles and Sydney on July 1. It also will add daily flights to Taipei and Singapore.

### of the homes and television sets in 35 Britain Breaks Tourism Record

LONDON (Reuters) — Britain eojoyed a record tourism year in 1997. Tourism officials said their figures showed that 26 million people visited Britain last year, an increase of 3 percent over 1996, and spent £12.65 billion (\$20.9 billioo).

The Fionish ferry company Silja will stop carrying passeogers across the English Channel, but will continue to handle cargo traffic. (AFP)

A British consortium, Legend Court, plans to build a theme park in south Wales that it hopes will create 6,500 jobs, open in 2001 and attract up to 2.7 million visitors a year. (Reuters)

Air Philippines says it will start flying to Hong Kong, Singapore and South Korea this year despite the Philippines' economic difficulties. It will also acquire three Boeing 737's to expand its fleet.

# WEEKEND SKI REPORT

Resert	L	U Bride	Mm. Pistes	Piste:	State	Snov	Coppany	Resort	Ľ
Andorra Sokieu	40	110	Good	Art	Var	23/2	all lits open, mostly good	Someo Cervina	10
Austria								Cortina	30
Ischgl	15	125	Fair	Open	Var	1/3	all lits open, good snow available	Courmayeur	40
Kitzbuhel	0	80	Fair	Some	Heavy	1/3	48-80 lifes and 43/56 pistes open	Livigno	55
Lech	75	25	Fer	Open	Var	163	all lits open, sornalite conditions	Selva	10
Mayrhofen	0	55	Fair	Some	Var	1/3	all lifts open, 40cm snow at 1600m		_
Obergurgi	40	150	Good	Open	Var	1/3	all fits open, cocd, warm weather	Norway	
Saalbach	20	70	Fair	Art	Var	2/3	most little open, north slopes best	Gello	70
St. Anton	25	210	Fair	Wom	Henvy	1/3	most lits open, uppednorth ok		_
Ceneda								Switzerland Crans Montana	5
Lake Louise	85	125	Good	Среп	Poted	3/3	all 11 lits open, good generally	Davos	40
Whistler	110	310	Good	Open	Poted	3/3	everything open, 16cm new snow	Klosters	3
				_ <u>-</u> -	_			Мител	20
France								Saes Fee	50
Alpe d'Huez	75	240	Good	Open	Var	23/2	80/96 lifts open, skuth low down	St. Moritz	25
Les Arcs	<b>30</b>	180	Fair	Срап	Var	1/3	74/77 lifts open, best above 2000m	Verbier	15
Avoriaz	120		Fair		Spring .	1/3	all 41 lits open, typical spring skiing	Wengen	10
Chamonix	60	195	Good	Art.	Var	23/2	all lits open, good above 1800m	Zermatt	20
Courchevel	105	110	Good	Open	Var	1/3	ell lits open, still good, mild weather	Zerriau	20
Les Deux Alpes		280	Good	Ar	Var	23/2	60/64 Ets open, good high		
Flaine	50	180	Good	Wom	Var	13	27/28 lits open, good in flaine bowl	U.S.	
Mageva	5	80	Fair	Some	Var	1/3	73/81 lifts open, spring conditions	Aspsen	140
Méribel	85	105		stustry		23/2	35/36 lifts open, upper slopes good	Breckennidge	135
La Plagne	110	190		stustry		23/2	106/110 lits open, all higher runs ok	Crested Butte	135
Seme Chevalier	60	205	Good	Ari		23/2	60/67 lits open, still ganerally good	Mammoth	510
Tignes	85	170	Far	Open		23/2	most lits open, north runs best	Park City	240
Val d'Isère	85	220	Good	lcy	Var	1/3	most lifts open, good upper slopes	Vail	145
Val Thorens	80	250	Fair	Ореп	Var	23/2	all open, good spring conditions	Winter Park	185
Germany Gamisch	5	200	Good	Some	Var	1/3	32/33 lits open, ducunt over 1500m	Key:L.,U: Dapth in or leading to resort ville	

Resort	De	pit. U	Min. Pistes	Res. Pistes		Last Same	Comments
Italy							
Bormio	10	150	Feir	Art	Var	23/2	14/15 lifts and 50km open
Cervina	50	150	Fair	Soft	Var	23/2	all litts open, good high, thinning late
Cortina	20	75		Closed	Va.	23/2	most life open, ok high
Courmayeur	40	140	Fetr	Closed	Heavy	23/2	23/24 lits open, good skiing high
Livigno	55	155	Good	Art	Var	23/2	all 30 lifts open, good: wom spote
Selva	10	80	Far	Art	Pokel	23/2	everything open, good upper levels
Norway	_	05	Oned				
Gello	70	85	Good	Open	Pedr	4/3	ati ilis open, excellent aking
Switzerland							
Crans Montana	5	230	Fair	Wom	Var	1/3	3641 lifts open, good above 2000pg-
Davos	40	130	Good	Some	Var	1/3 .	everything open, good upper slopes
Klosters .	5	125	Good	Some	Ver	1/3	all 28 lits open, good shove 2000m
Murren	20	70	Fair	Wan	Var	1/3	all litts open, aix high, wom low
Saas Fee	50	185	Good	Wom	Ver	25/2	23/25 lifts open, good above 2500m
St. Moritz	ස	90	Fak	Art	Var	23/2	all lits open, upper runs good
Verbier	15	150	Good	Wom	Ver	1/3	All Ets open, good above 2200m
Wengen	10	40	Far	Wom	Heavy	1/3	all litts open, some good snow
Zermatt	20	140	Good	Art	Var	23/2	71/73 life open, high runs mostly ok
u.s.							
Aspsen	140	145	Good	Open	Var	33	42/43 lits open, very good skiing -

Open Ver 3/3 at 160 traits open, great string contracts
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# WEATHER

Forecast for Friday through Sunday, as provided by AccuWeather. North America

Showers in Southern Callitoria, then dry sunny, dry and warmer, and Saturday from London showers Friday, then dry and Saturday from London showers Friday, then dry and Paris to Berlin and and very mild acrose northern Cool with showers in the Munich; heavy rain is likely eastern Chins by Sunday. The Northeast will be dry the cross southern Germany. Be over Sichuan province and chilly, but it may rain and chilly, but it may rain and chilly, but it may rain and southern France Sunday. Sunny, dry and very mild eastern Thet. Tokyo and southern France Sunday. Sunny, dry and very mild satisfy dry and will stry dry and with sun through the snow and flurnes in Scandinavia.

One of the few predictable elements of travel.

The Teading Hotels of the World Over 300 of the World's finest hotels

in 68 countries. Your Host Today

LAS DUNAS BEACH HOTEL & SPA. ESTEPONA/MARBELLA, SPAIN

Today
High LewW
CFF CFF
238 425 sf. 34/95 22/73 pc
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Reports supplied by the Ski Club of Great Brits

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waich officers beat a man; and a the who said police stripe who said police simple of the children watched. The distribution of the for officers on ethics, colored the being beited into confront designs.

By JIII The Mew York Times Service

WASHINGTON — The subpoena by the Whitegar atten Commission, which investigated atten Commission, which investigated atten Commission, which investigated as a gar among some defense lawyers and clients are normally shielded by lawyer-client privilege.

By JIII The Mew York Times Service

WASHINGTON — The subpoena by the Whitewater independent counsel of the notes and case gar rights about 5 during aparticle and privilege among some defense lawyers.

Communications between lawyers and clients are normally shielded by lawyer-client privilege.

But Kenneth Start's office was believed to have the faderal court Wednesday that Ms. Lew-

Martined. Since has been the one reage idea, to control her independence here:

Washington Post Service

Washington Post Service

WASHINGTON — A new tell-all

Towner Supreme Court

has the said to wouldn't ing opinions but also sway how the Justice White," she said. would be an invindependence y justices vote on individual cases. suspensiones h wouldn't We are as we see OK

ish come white Legent Court plans clerks. Bul some former clerks said his Five justices who were on the court view overstated clerk power. Indeed, during the period covered in the book the instices tend to trile in consistent.

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# THE AMERICAS

# A Starr Subpoena vs. Attorney-Client Privilege Defense Lawyers See Chilling Effect in Pursuit of Lewinsky Ex-Counsel's Papers

OES SHE HAVE more long to get things done between the same and it's obvious to conflict ed on the subject. Then queries a reputation of the subject. Then queries a reputation of the subject. Then queries a reputation of the subject of the subject. Then queries a reputation of the subject of the queries a reputation of the subject. Then queries a reputation of the subject of the subject of the queries of the subject of the queries of the subject. Then queries a reputation of the subject of the sub

When Mr. Mandela entered Mr. Starr's effort to obtain information accounts that was as if roughly had walkeds. Carter's representation of Ms. Lewinsky is one of Carter's representation of Ms. Lewinsky is one of Machari h was as if rocally had walked Carter's representation of Ms. Lewinsky is one that the thart. They hardly had time to cally several moves that have attracted controversy remainther or people coming over the carter's representation of Ms. Lewinsky is one or the control of the control

cently. Defense lawyers and White House officials testimony before a grand jury investigating the criticized the independent counsel last week for Lewinsky case and gave the signal the White House calling a presidential aide before the grand jury to question him about his contacts with news organizations. Mr. Starr is also embroiled in a dispute with the White House over whether Mr. Clinton's communications with some of his aides are covered either by lawyer-client privilege or executive priv-

Ms. Lewinsky was referred to Mr. Carter by Vernon Jordan Jr., who testified before the grand jury Tuesday. Mr. Jordan, a close friend and trusted adviser of Mr. Clinton's, has said he took Ms. Lewinsky to Mr. Carter's office after she was subpoenaed in the Jones case.

Mr. Carter assisted Ms. Lewinsky in preparing a sworn affidavit in which she denied having had a sexual relationship with Mr. Clinton, Ms. Lewinsky retained a new lawyer, William Ginsburg, after lawyers and investigators working for Mr. Starr confronted her in late January.

Based on taped conversations between Ms. Lew-insky and a former co-worker, Linda Tripp, Mr. Starr's office is investigating whether Ms. Lewinsky perjured herself in the Jones case and encouraged others, including Ms. Tripp, to testify

■ Jordan Reaffirms His Loyalty Publicly

was anxiously awaiting - a staunch reaffirmation of his fidelity to Mr. Clinton, The Washington Post reported.

As he left the federal courthouse following nearly five hours of questions Tuesday, Mr. Jordan stopped on his way down the front steps, scanned the assembled cameras with a purposeful stare and, after a pregnant pause, scorned speculation that he would turn on the president.

"As to those of you who cast doubt on my friendship with President Clinton, let me reassure you that ours is an enduring friendship, an enduring friendship based on mutual respect, trust and ad-miration," Mr. Jordan said, speaking slowly to emphasize his words as cameras clicked and whirred. That was true yesterday. That is true today. And it will be true tomorrow.

How precisely that translated during the closeddeor testimony remained unclear because of grand jury secreey rules, and neither Mr. Jordan nor his attorney was willing to elaborate, except to say he answered fully and did not invoke his Fifth Amend-

ment right to refuse to respond to questions. The questioning of Mr. Jordan dragged on long enough that he will have to return Thursday, which will bump a scheduled reappearance by Mr. Clinton's personal secretary, Betty Currie, to Tues-

# the their. They hardly had time to calculate the manufacture of profile corning over in goal. After Mrs. Machel had concluded to the edge of the platform see walked to the edge of the platform see was wanting. With that he took her here, the redown toward him and gave her abet. From Inside, a Supreme Court Tell-All Book the redown toward him and gave her abet. From Inside, a Supreme Court Tell-All Book the redown toward him and gave her abet. From Inside, a Supreme Court Tell-All Book the redown toward him and gave her abet. The suprementation of the platform see the platform see the redown toward him and gave her abet. The suprementation of the platform see the platform

The idea of being married to a manually book by a former Supreme Court book by a former Supreme Court Manager with the doubting to anyone clerk portrays the justices as strongly clerk portrays the justices and manipu-Since Paragraph and frowns. This is influenced by politics and manipulated by ideological law clerks who not only play a dominant role in draft-

The book focuses particularly on the activities of conservative clerks, She date who according to the author, Edward who, according to the author, Edward >2\>. nothing : Lazarus, worked in the late 1980s to steer justices to right-wing results, established an e-mail system to communicate with each other and became so interested in denying appeals from death row that when a Florida mass murderer, Ted Bundy, was executed, they "celebrated with a champagne

Mr. Lazarus, particularly of battles some of the justices were surprised between the liberal and conservative about the impending publication of

the justices tend to rule in consistent remain today.

Laurie Miller, a elerk to Justice Byron White during the same term as Mr. Lazarus, said the justices controlled the results. "It would be un- office at the court, and some people arus writes that Justice Kennedy was founded bravado on my part to suggest ever that anyone in our chambers was anything other than a clerk to publishing a book.

Although legal scholars regularly write biographies of individual justices or tomes on judicial philosophy, this is the first time that a said. "Clerks have spoken to jourformer law clerk has provided a lens nalists — they have just done so anon- case. on the court by breaking with the tradition of remaining publicly silent on matters pertaining to the court's inner sanctum.

bers," is already generating controversy at the court and in legal circles,

Mr. Lazz Other former clerks vouch for where galley proofs are beginning to some of the anecdotes presented by circulate. Initial reports were that between the liberal and conservative about the impending publication of the 500-page book by Time Books.

But some former clerks said his Five justices who were on the court

10 Justice Harry Blackmuo in the 1988-89 term. Justice Blackmun reelose to him said he was unaware unol considered a "priss in the eyes of Tuesday that his former elerk was some of his colleagues."

In an interview, Mr. Lazarus dismissed any suggestion that he had violated confidences. 'This idea of absolute silence is really a myth," he ymously. I felt I had something important to say,

He said in the book that he was 'careful to avoid disclosing infor-As a result, the book, due out in April and entitled "Closed Cham- was privileged to work for Justice was privileged to work for Justice

Mr. Lazarus writes in "Closed Chambers" that the justices "resort to transparently deceitful and hypocriocal arguments and factual distortions as they discard judicial philoin favor of bottom-line

Describing bimself in liberal terms, Mr. Lazarus casts Chief Justice Wil-

Mr. Lazarus, now a federal pros- liam Rehnquist as an meffectual leadecutor in Los Angeles, was a law clerk er and Jusoce Anthony Kennedy, a key swing vote on the court, as putty in the hands of his clerks and mainly tired in 1994 but still goes daily to his interested in being popular. Mr. Laz-

> He also writes that it was "received wisdom among the clerks" that Justice Sandra Day O'Connor distrusted the persuasive, liberal Jusoce William Brennan "for having hoodwinked her in some unnamed nast

As a result, Mr. Lazarus says, she refused to sign on to any of his ma-jority opinions. Justice Brennan retired in 1990 and died last year.

Mr. Lazarus names names. He writes, for example, that Andrew McBride, a clerk to Jusoce O'Connor, was so intent on revenge for the Senate rejection of the nomination of Robert Bork as chief justice that he e-mailed his fellow conservative clerks early in the term: "Every time I draw blood I'll think of

what they did to Robert H. Bork." Contacted Tuesday, Mr. McBride

### POLITICAL NOTES



Students watching President Bill Clinton sign an executive memorandum for a plan to lower the blood-alcohol level at which a driver is legally drunk.

### Puerto Rico Measure Threatens Republicans

WASHINGTON - Win or lose, the United States Paerro Rico Political Status Act could do further damage to Republicans' efforts to win the hearts and votes of the Hispanic electorate.

The bill, which was being debated Wednesday in the House, seeks to resolve the quescon of whether Puerro Rico, a Caribbean island of 3.8 million people held by the United States for 100 years, is to remain an internally self-governing U.S. "commonwealth" or become either a state or independent.

A Republican amendment imposing English-language requirements on Puerto Ricans as a condition for becoming a state threatens to make the bill unpalatable for many Democrats even though it will probably add some conservative Republican support. President Bill Clinton will veto any bill with the English-language provisions, the administration statement said. (WP)

### **Drinking Curb Gains**

WASHINGTON — The Senate gave strong approval Wednesday to a measure, endorsed by President Clinton, that would set a national standard for drunk driving and punish states that do not abide by it with a loss of highway funds.

Voting by 62 to 32, senators amended a major highway spending bill to call on all pen.'

states to set .08 percent as the blood-alcohol level at which a driver is declared legally drunk. States that fail to do so hy October 2001 face losing 5 percent of their share of federal highway spending, with the penalty going up to 10 percent at a later date. Many states exceed the .08 timit.

"I hope that the happy hour is over for drunk drivers," said Senator Frank Lautenberg, Democrat of New Jersey, the chief sponsor of the amendment along with Senalor Mike DeWine, Republican of Ohio. Drunk driving is a crime, like assault, like shooting at someone, like murder and it should be treated with the same severity.

Opponeous of the measure expressed eoocern that the punishments were 100 harsh and said that the federal government should not be forcing its standards on

The issue is also likely to arise in the House when it takes up the highway bill, probably later this month.

### Quote/Unquote

President Clinton, supporting stricter limits on drunken driving after a mother from Maryland described how she watched helplessly from 20 feet away as a driver who had been drinking killed her 9-year-old daughter as she waited for her school hus: "Every parent in this country, every single one, who has ever put his or her child in a car with someone else to go off to some destination, has felt that sense of loss of control, that fear that something might hap-

# Happines sary and start flying alleger U.S. Global Warming Tab Expected to Be Modest

By Joby Warrick

ington Post Service WASHINGTON - If implemented, the international global warming treaty the United States signed in Kyoto, Japan, could add \$70 to \$110 to the average American household's annual energy American household's annual energy bill over the next 15 years, according to a long-awaited White House economic analysis.

In the first official assessment of the

cost of the historic global warming treaty, reached in December, the Clinton administration forecasts that the agreement would result in, at most, "modest"

Vermont, has great aspirations.

New York Times.

Short Takes

**AMERICAN** 

**TOPICS** 

official designation as a Great Lake. That means missing

out on a share of the \$290 million in federal research

money that will go to colleges in states abutting the Great Lakes and the oceans over the next five years, notes The

pected signature of President Bill Clinton.

Is 'Little' Lake Destined for Greatness?

price increases for gasoline and other fuels as America's share of the international tab for cutting greenhouse gas emissions. And those increases could be offset completely by lower electricity bills if Congress passes laws to allow utility companies to compete, admin-

istration officials said. But some economists were skeptical, and others who basically support the White House estimates point out that they are based on several optimistic assumptions, including cooperation by developing countries and international acceptance of market-based trading mechanisms.

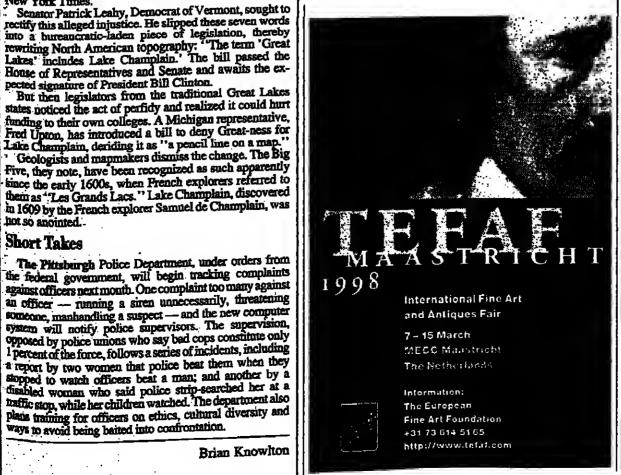
'It's true that the impact can be relatively small — if this is done in the smartest possible way," said Robert Stavins, an economist and professor of public policy at the John F. Kennedy School of Government at Harvard University. "But if we don't do it that way it will cost 10 times what the adminis-

tration is saying. ' At the conclusion of the 10-day Kyoto summit conference, 159 nations agreed to the first legally binding international protocol to fight global warming. The treaty calls for reducing "greenhouse gas' emissions, which are produced mostly from burning fossil fuels.

# **Away From Politics**

· An admitted child molester who had himself surgically castrated to my to avoid a long prison sentence was sentenced nonetheless to 26 years in prison in Geneva, Illinois. Attorneys for Jeffrey Morse, 30, who could have been sentenced to nearly 100 years for molesting two young girls, had asked for

 A teacher in Yorktown, Virginia, was charged with assault and battery for allegedly clipping a 9-year-old girl's fingernails without permission from the student's parents. The teacher was accused of cutting the girl's fingernails because they "were inappropriate in the classroom."



# KAZAKHSTAN INVESTMENT SUMMIT

Almaty, June 4-5, 1998

If you are interested in Kazakhstan's wide array of investment opportunities, the International Herald Tribune's Kazakhsian Investment Summit will give you valuable insights and an inside edge.

H.E. President Nursultan Nazarbayev will give a keynote address at the Summit.

Other speakers will include key members of Kazakhstan's national and regional governments, as well as financial, business and political leaders from around the world

The lead Summit Sponsor is Hurricane Hydrocarbons Ltd



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ways to avoid being baited into confrontation.

Lake Champlain, a body of water 107 miles (171 kilometers) long that nestles between the Adirondack Mountains of New York and the Green Mountains of The ice-age glaciers that carved out the five Great Lakes
— Superior, Huron, Erie, Michigan and Ontario — also
created Champlain. But at one-fifteenth the size of Lake
Ontario, the smallest of the five, Champlain missed out on

 A judge ordered Miami to hold a new mayoral election, saying that the contest Nov. 4 was rife with absence voter fraud. Xavier Suarez defeated the incumbent mayor, Joe Carollo, in a runoff that Mr. Suarez forced by winning the absentee vote by a 2-to-1 margin.

# INTERNATIONAL

# Weizman Is Re-elected As President of Israel

But Race for Second Term Is Not a Cakewalk

By Serge Schmemann
New York Times Service

JERUSALEM - The Israeli Parliament re-elected Ezer Weizman to a second five-year term as president ou Wednesday, but only after the maverick former air force pilot was compelled to fight off an unusually tough challenge for the largely ceremonial office that is

supposed to be above the political fray.

The election was the first one in which an incumbent president was compelled to fight for a second term, though many past races for the office were hardfought. Mr. Weizman, 73, is the seventh

president in Israel's 50-year history. In a secret ballot, Mr. Weizman warded off a challenge by the candidate of the governing Likud party, a relatively obscure politician named Shaul Amor. The president won by a vote of 63 to 49, with seven abstentions and one absence. While popular with the public, Mr. Weizman, a former fighter pilot and defense minister, has irritated some Israeli officials with his sallies into politics

# It's for Water, Libya Partner Says of Pipe

By Tom Buerkle national Herald Tribune

LONDON - Libya and its British engineering partner dismissed as 'fantasy' Wednesday the suggestions of some Western security experts that a huge water pipeline proj-

ect had secret military uses.

Bashir Saleh, the general manager of the project, said the authorities planned to invite Western reporters to visit Libya next month

to see the project, which officials said was rapidly coming onstream.

Some Western security analysts have questioned the 4-meter (13-foot) diameter of the pipeline, which could be wide enough to hold webicles as well as several wader. vehicles, as well as several underground caverns.

But the officials said all the facilities involved — pipelines, pumping stations and reservoirs were designed for water alone. The project has been built underground to reduce evaporation, they said. "We have nothing to hide," he said.

"Our project is a water project." The 3,000-kilometer (1,800 mile) pipeline that extends from deep in the Sahara Desert to Libyan cities along the Mediterranean contains valves and chambers to regulate water flow that "totally preclude the use of the pipes for other purposes, said David Mechan, managing director of Brown & Root North Africa, an arm of the British company that is overseeing the engi-

neering of the project.
Reports of military uses "are a fantasy," he added.

Brown & Root is a subsidiary of Halliburson, a Texas-based oil services company whose chairman is Dick Cheney, a former U.S. defense

secretary. Mr. Mechan and Mr. Saleh, along with other directors of the Libyan project authority and its chief South Korean contractor, Donh Ah Construction, met with reporters here after attending a technical confer-ence on the pipeline.

While some Western engineers who have visited the project have cited widespread use of American construction equipment, Mr. Saleh said most of it was bought before 1986, when Washington imposed an embargo on U.S. exports to Libya. The embargo has increased some costs, the officials said, but

not significantly hurt the project. "We don't have to use Caterpillar," said Taher Siala, another director of the project authority. 'We can use other equipment.'

Mr. Saleh said the sole justification for the project was an acute shortage of drinkable water near Libyan cities. Severe depletion of coastal aquifers have left the water "as saline as the sea," he said.

economic pragmatism, and a further step

away from the ideologically driven days

of Mao Zedong. Once condemned as a

banished to do rural labor, he is now

happy to have somebody very pragmatic become premier of China, 's said Ye

Disheng, deputy mayor of Tianiin.

been the targets of his rebukes.

known as "boss Zhu."

'rightist," purged from the party and

'I'm very pragmatic, and I'm very

Despite admiration among those who

know him, Mr. Zhu remains largely un-

known to ordinary Chinese, and he is

loathed by the bureaucrats who have

100 bullets, use 99 on corrupt bureaucrats

and save one for himself. In one meeting,

an official showed off a fancy cigarette

lighter. Mr. Zhu said the official could

not have afforded it on his salary and

fired him on the spot. He also summarily

dismissed a senior provincial bank of-

ficial whose performance did not meet

Mr. Zhu's standard. He has threatened to

"chop off the heads" of regional bank

officials who defied his edicts.

Mr. Zhu once said he wanted to buy

and his careless comments. During the last Labor government, he criticized the pace of the peace talks with the Palestinians, but once the process stalled under Prime Minister Benjamin Net-

anyahu, he intervened to get it moving. He has also made impulsive comments about women and homosexuals, for which he subsequently had to apologize, and gained the antagonism of Leah Rabin, the widow of the assassinated Prime Minister Yitzhak Rabin for his clumsy speech at Mr. Rabin's funeral.

Evidently out of frustration with Mr. Weizman's tacit criticism, Mr. Netanyahn's Likud party nominated Mr. Amor, a 57-year-old native of Morocco who is mayor of Migdal Ha'emek, a city that has prospered as a center of high technology. Though popular in his city, Mr. Amor is little known outside it, and had been passed over by Mr. Netanyahu

for a seat on his cabinet.

Mr. Amor focused part of his challenge on his North African Sephardi heritage, hoping to capitalize on dis-satisfaction among immigrant Jews with the largely European Ashkenazi Jews who continue to dominate the political and social scene. The tactic prompted Mr. Weizman to grouse, "I feel I have to apologize for being a sabra" — a na-

tive-born Israeli.

But Mr. Amor failed to gamer support from the most powerful Sephardi organization, Shas, and on the eve of the vote there was little doubt he would lose.

Israel Radio said that after the vote Mr. Weizman called Mr. Netanyahu and said, "First of all, we are going to contimue to work together, we are going to learn lessons and work together, and

Mr. Netanyahu replied, "Precisely. And I have to tell you that I think it is also

the beginning of a new era."
Mr. Weizman made the point again in his acceptance speech, saying: "We will sit together and plan our joint life and there won't be any problems. We are both big kids."

While annoying to many officials, Mr. Weizman's straightforward style has made him popular with ordinary Israelis, and he was supported by 70

percent of the public in the race.
His comments, however undiplomatic, often reflect public sentiments, and he is admired for his invariable readiness to visit sites of tragedies or disasters, or to call on the wounded in hospitals. When the border city of Kiryat Shmonah was threatened by rockets from Lebanon in 1996, Mr. Weizman and his wife, Renma, stayed the night in a bomb shelter there.

Mr. Weizman also enjoys esteem in the Arab world—as a former warrior, as the defense minister closely involved in the Camp David process that led to the 1979 peace with Egypt and as a president who has actively defended the Oslo pro-





Shaul Amor, above, holding his head as the vote for president of Israel went against him in the Knesset on Wednesday. He was conferring with a Likud party ally, Pini Barash. At left, Mr. Weizman and his wife, Reuma, greeted the press after his re-election. Israel Radio reported that after the vote. Mr. Weizman called Mr. Netanyahu and said, "First of all, we are going to continue to work together, we are going to learn lessons and work together, and don't worry." Mr. Netanyahu replied, "Precisely. And I have to tell you that I think it is also the beginning of a new era.'

# ISRAEL: High Court Justifies Detention of Lebanese Prisoners

Continued from Page 1

any specific cases in which the Lebanese might be used, their initial capture was linked to Israeli efforts to free Captain Ron Arad, an Israeli Air Force navigator who was shot down over Lebanon on Oct. 16, 1986.

Captain Arad was originally held by the Amal militia in Lebanon, but negotiations over his release foundered, and he was transferred to an Iranianbacked group. He was never heard of

After that, according to Mr. Rish, Is—except for Sheikh Oberg and war, rael and its Lebanese allies of the South—who have been kept isolated.

Mr. Rish said he learned of the de-Lebanese mea in their 20s and 30s. Tenthese expired, they were put in admin-

istrative detention. The most prominent captures came later. In 1989, Israeli commandos kidnapped a Hezbollah cleric, Sheikh Abdel Karim Obeid, and in 1994, the Israelis seized Mustapha Dirani, the Amal leader who originally held Captain Arad.

Unlike the earlier group, the capture of these two was given considerable publicity. Sheikh Obeid went on Israeli and American television in 1991 to plead for the release of Captain Arad.

The Israeli authorities have allowed the Red Cross to visit all the detainees except for Sheikh Obeid and Mr. Dirani,

-tainees-by-chance-when, as a member of of them were tried in 1986 and 1987 for the Association for Civil Rights in Israel, membership in hostile organizations and he was making a routine visit to the sentenced to prison terms, and when prison in Bersheeba in 1992. He was raeli prisons who could be used in prisbarred from a wing, and learned from oner exchanges.

be held in administrative detention only if they themselves pose a threat to the security of Israel.

"As long as there is no direct evidence that these people are endangering the security of Israel, and the only pur-

pose is in having hostages, then it's illegal and immoral," he said.

Mr. Rish argued that there was no evidence Captain Arad was alive. When you lock people up for so long, you have to have some clear ev-

idence there is a reason for it."

#### BRIEFLY

### Walkout Paralyzes Zimbabwe Business

HARARE, Zimbabwe - A national strike to protest higher taxes and soaring food prices brought business to a standstill for a second day Wednesday and angered the beleaguered government of President Robert Mugabe.

Most factories were unable to op-, erate. State postal, railroad and electricity maintenance services were shut down. Government departments were undermanned.

Information Minister Chimutengwende accused employers of "economic sabotage" closing their businesses.

# Paris Sits Out Move By NATO on Iraq

BRUSSELS - France refused on Wednesday to endorse a NATO statement backing the United Nations Security Council's latest resolution on Iraq, diplomatic sources at NATO headquarters said.

The statement, endorsed by the North Atlantic Treaty Organization's 15 other members, expressed "strong support" for the council's insistence on Iraqi compliance with the UN weapons inspection regime, including its threat of "the severest consequences" if these obligations

were not met.
Diplomatic sources said France objected to the statement on the grounds that NATO had kept itself at arm's length from the crisis in .

Iraq, which lies outside the theater of alliance operations. (Reuers)

### Sandinista Leader **Denies Allegations**

MANAGUA - Former President Daniel Ortega, the Sandinista leader, has denied his stepdaughter's claim that he sexually abused her and, backed by his family, dismissed

her charges as a "manipulation."

Zoilamerica Ortega, 30, made the charge in a letter published on Tuesday in the Bolsa de Noticias, a daily newsletter whose andience consists mainly of journalists, diplomats and government officials.

"Since 11 years old, I was repeatedly sexually assaulted for. years by someone who, despite his position as father, abused his power," she said in the letter, in which she also renounced her stepfather's name.

Mr. Ortega and his common-law wife, Rosatio Murillo, who is Zoilamerica's mother, and seven of their children presented a united front to journalists, calling the charges a 'manipulation.'

# CHINA: Tobacco-King Is Portrayed as a Criminal Degenerate by Beijing, but He's Still a Hero in His Hometown

Continued from Page 1

cess against Mr. Netanyahu.

managers, all of them invitations to

greater financial impropriety. Corruption is so endemic in China's made public. Yet that is what happened businesses that no one can accurately see to Mr. Chu, who is now 70. where it begins and ends.

"There is no way to measure cor-ruption in China's state-owned enter-prises," said Kenneth Lieberthal, a China scholar at the University of Michigan. "But the fundamental structure of Chinese enterprises provides management with ample opportunities to engage in significant self-dealing."

The hand-in-hand collusion of business and government is at the root of structural problems that underlie the neighbors. Though China has so far court and found guilty. avoided a currency or stock market dive, it suffers cronyism as much as, if not more than, Indonesia, Thailand or South

Hundreds of company executives and daughter alleged to have run a vast were disciplined for corruption last year, though it is widely believed that many thousands more have gone unpunished.

Hundreds of company executives and daughter alleged to have run a vast scheme of bribe-taking.

When Mr. Chu was named general manager of Red Pagoda in 1979, it was a Without a working legal system, wrong-doing is typically investigated by "dis-cipline inspection teams" that are heav-ily political, leaving the well-connected free to flout the law.

For all his straight talk on economics,

however, Mr. Zhu's politics remain

something of a mystery. As deputy prime

minister he has been dubbed China's

portfolio will be broader. Most analysts

say it is unlikely he will initiate political

reforms that might distract from or

But many people hope Mr. Zhu will prove more liberal or open-minded than

his predecessor. Li Peng, who is still associated with the army crackdown that

crushed the Tiananmen Square demon-

on Oct. 1, 1928. His father died before

Mr. Zhu was born, and his mother died

Mr. Zhu was born in Hunan Province

In 1947, he went to study electrical

engineering at Qinghua University,

China's equivalent of the Massachusetts

Institute of Technology. There he joined

the Communist-backed New Democratic

Youth League. He joined the Communist

Party in October 1949, just after the Com-

munist victory over the Nationalists.

threaten pressing economic measures.

'economic czar.'' As prime minister his

aren't prepared:"

strations in 1989

when he was young.

ZHU: China's 'Economic Czar' Poised to Expand His Power to the Prime Minister's Office

Continued from Page 1

participants, he will put a specific question to a specific individual," Mr. Ye

Mr. Zhu's ascent marks a victory for said. "He often criticizes people who prices, credit and output targets.

By 1952, Mr. Zhu was at the State down on corruption. While in Beijing hundreds were killed in the military assault, Mr. Zhu made a televised plea in

large company in China that does not no incentive for government officials to have hidden accounting, secret decision-admit how bad corruption has become, it making, tiny salaries and lavish perks for is the rare case where the head of a company loses his or her political connections so completely that the case is

> "Chu thought he was untouchable, after all he had done," said a Chinese executive who works with Red Pagoda,

known in Chinese as Hongta Group. 'His connections were not as strong as he thought." In January, the authorities

announced that they had ex-pelled Mr. Chu from the Comness and government is at the root of structural problems that underlie the Asian financial crisis in many of China's he will eventually be charged, tried in

The official report on his wrongdoing, recently printed in the People's Daily. was almost like a catalogue of how to run a family empire, with Mr. Chu's wife

small factory that earned less than \$1 million a year, making a hodgepodge of local brands of cigarettes. Like most state-run companies, Red Pagoda was required to hand over all its profits to the

"Hundred Flowers" campaign to encourage criticism of the Communist Party, Mr.

Zhu criticized a policy of "irrational" high-level growth. Mao abruptly halted

the brief campaign and opened an assault

on his critics. Mr. Zhu was exiled to the

Mr. Zhu and others were proved right

"rightist cap" was removed and he re-

turned to the planning commission. But

in 1970, the fourth year of the Cultural

Revolution, Mr. Zhu was again sent to

the countryside, this time to feed pigs,

He was not fully rehabilitated until

1979, at the end of the Cultural Rev-

olution, when Deng Xiaoping solidified

his power. Mr. Zhu sped up the gov-

emment ranks. He became mayor of

His most severe test came in 1989.

tend goats and clean toilets.

countryside to do menial farm labor.

booming economic growth gave ordin-ary people the buying power to afford cigarettes, promoting the factory's flag-ship Red Pagoda brand all over the na-ship Red Pagoda brand all over the nation was the way to maximize income.

It worked Red Pagoda became so popular that the official price of \$1 a

For every corrupt act,' a scholar said of

Chinese business, 'it takes a manager to engage in it and an official to tolerate it.'

operating in a system that required the his daughter took more than \$5 million company only to report income from the and his wife more over \$1 million. But Zhifang, the youngest son of Den; official, artificially low price, Mr. Chu even that is a tiny fraction of the more Xiaoping, the paramount leader with found that he could set aside millions of dollars earned at the market price.

Mr. Chu spent some of Red Pagoda's unreported income on new machinery, insisting that his company have state-ofthe art facilities to spur production. He also built apartment buildings for his employees and modern offices for his staff, since waiting for officials to do so might mean waiting forever.
Yet there was a dark side, too. By

be to flout the law.

The required to hand over all its profits to the while its managers and emgoda brand was so sought-after that dispossible to decipher true sales or profit.

Mr. Zhu published a speech in the city's

major newspapers. Shunning the official

terms "turmoil" or "counterrevolu-

tion" to describe the protests, he wrote;

Beijing is a historical fact, and historical

nist Party hard-liners.

"The event that occurred recently in

Nonetheless, Mr. Zhu's handling of

events in Shanghai became an asset. Dur-ing his tour of the United States in 1990,

with other big city Chinese mayors, Mr.

Zhu could field criticism of the 1989

crackdown without sounding defensive.

one. "He is a creature of the state plan-

ning system and his instincts are reg-

ulation not decontrol of the economy,

But his style has not won over every-

In 1957, however, during Mao's Shanghai that persuaded protesters to withdraw relatively peacefully. Four days after the Beijing massacre,

as Mao's "Great Leap Forward" facts cannot be covered up by anybody, plunged the country into famine in The truth will always come out." The which millions died. In 1962, Mr. Zhu's ambiguous statement angered Commu-

manding greater democracy and a crack- former many make him out to be."

Mr. Chu's case is that it was ever exposed. With no independent media, and no incentive for government officials to

true, Chinese executives say, at many large Chinese companies.

The investigation showed that Chu

pack was outstripped by the market price Shijian abused his power to approve the that eventually grew to \$1.50 or \$2. Still illegal purchase and speculative prof-

said. "His family members and other relatives received large bribes."

Mr. Chu personally pocketed at least \$1.7 million in

bribes, the report said, while than \$145 million that Mr. Chu diverted from the government, hiding it in various company bank accounts.
In 1996, Red Pagoda reported an in-

come of \$2.3 billion, though it is anyone's guess how much more was coming in unofficially.

One of the glaringly unanswered questions in the official report is how Mr. Chu operated his scam for years without detection by local tax collectors; auditors and tobacco officials. The two Chinese businessmen who did business with Red Pagoda agreed that it would have been impossible to divert such a towering amount of cash without systernatically bribing local officials. For years Mr. Chu was protected po-

litically. His biggest backer was always' iteering cigarettes from 1991 Pu Chaozhu, a boyhood friend who rose to 1995," the official report in the provincial hierarchy to become in the provincial hierarchy to become Communist Party chief of Yunnan in

Mr. Pu remained there 11 years, be-fore he was forced to retire in 1996, the same year that Mr. Chu came under investigation.

Yunnan executives also say that Deng Xiaoping, the paramount leader whi died last year, was one of the man,
"princelings" — the offspring of
China's leaders — who colluded wish

"For every corrupt act," Yasheng Huang, a China scholar at Harvard Business School, "it takes a man-"Only a fool reports his company's ager to engage in it and an official, income accurately," said another to tolerate it Unlike owners of private. Chinese executive in Kunming, the capfirms, public officials do not gain eco-Yet there was a dark side, too. By ital of Yunnan Province. Most company nomically from efficient uses of the 1995, when the company rolled more nies, he said, operate multiple sets of than 100 billion cigarenes, the Red Pa-company accounts, often making it imnot actively punish managers who abuse. state-owned assets. At worst, they use their power to benefit them-

When Mr. Chu's empire crumbled, it' did so quickly. In 1996, his wife and daughter were arrested. Mr. Chu's daughter, Chu Yingqun, died in prison, apparently from suicide.

The official report fails to document accurately another side of Mr. Chu's illegal activity. Because of onerous taxes on domestic sale of cigarettes, businessmen say, Red Pagoda exported millions of dollars worth of cigarettes each year. only to smuggle them back into China where they could be sold without paying

In Yaxi, however, Mr. Chu remains a hero, even after the publicizing of his alleged wrongdoing.

After all he did for this company, he

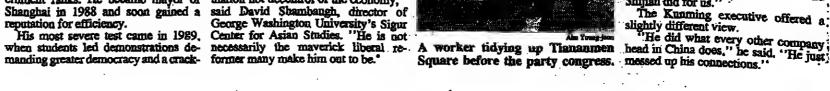
should be forgiven," said a financial officer at Red Pagoda, whose 5,500 employees are now led by Zi Guorni. "He's. an old man."

an old man.

The officer, standing outside Red Pagoda's headquarters in Yuxi, gestured at the gleaming skyscraper behind him.

"Look at this building," he said. "No one else could have done what Chu Shijian did for us."

The Kunming executive offered a: slightly different view.
"He did what every other company

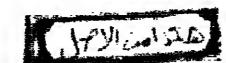




Center for Asian Studies. "He is not

"At a meeting with several hundred

ASIA/PACIFIC



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HARARE Zimbabwe contained sources to a standard form.

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Diplomatic sources said left the country, allowing Mr. Hun Sen objected to the statement to grounds that NATO had to the statement of the country in the country allowing Mr. Hun Sen needs foreign aid at the country is length from the country allowing Mr. Hun Sen needs foreign aid and wants the legitimacy of internationally recognized elections. His vertical in the country is a supplied to the country allowing Mr. Hun Sen needs foreign aid and wants the legitimacy of internationally recognized elections. irac, which lies outside the of alliance operations. the

her charges as a manipulan once those trials are over. Zoi america Ortega, 30, met

munity of journalists diplome. Sen. gav grament officials.

a high she also renouncedors. tatter - name.

Vi Ortega and his manks with Rosario Murillo, who lie marca a mother, and smade court arisis, calling the change , anguibalynes ,

# Cambodian Convicted Walkout Paraly Of Smuggling Weapons HARARE 2: Dant of Plan for Prince's Return

By Chris Seper Washington Pust Service

Most factories were under the posed first prime minister, Prince Norodom Ranariddh, was found guilty Wedricity maintenance cover the control of the prime minister, Prince Norodom Ranariddh, was found guilty Wedinesday on weapons smuggling charges in
a show trial that is part of an international country and take part in elections.

Under the plan, the prince would receive a royal pardon from his father, King Norodom Sihanouk, and not serve any of the five-year sentence

Paris Sits Out In The trial is part of a Japanese-brokered attempt to salvage the United Nations' 52 billion effort to build a democracy in Cambodia and ensure that Prince Ranariddh can safely return to take part in the vote scheduled for July 26. His participation is seen as crucial in the statement backing the line of a free and fair election.

Prince Ranariddh, in self-exile in Thailand, had agreed to the plan but dismissed the charges and refused to take part in the control of Hun Sen, who took over in a bloody coup d'etat last July.

Mr. Hun Sen and Prince Ranariddh were co-prime ministers in a coalition government elected in 1993, after the United Nations set up a multiparty system.

After the coup, most of the opposition

tionally recognized elections. His version of the coup - that Prince Ranar-Sandinista Leur The reace also collection campaign.

Denies Allegation between the Hun Sen and Ranariddh forces, who have been fighting near the MANAGUA - Former forces to sever its ties with the Khmer Thai border, for Prince Ranariddh's Daniel Onega the Sac Rouge guerrillas; for the prince to be Rouge guerrings; for the parties from that he sexually the fighting in July, and for King Siand backed by his family, de hanouk to grant a pardon to the prince

"We are doing everything to see that CELTER IN a letter published Ranariddh can return and to allow him Lay in the Bolsa de Nonciagas 100 percent participation," said Prok new stetter whose audiencia: Sokhonn, a senior adviser to Mr. Hun

vernment officials. A cease-fire has held since last week Since 11 years old between Prince Ranariddh's forces and restedly sexually assume: the government. The trial Wednesday sales by someone who depti was the first of two connected to Mr. position as father, shed t Huo Sen's charge that it was Prince power, she said in the lat. Ranariddh who initiated the coup.

A second trial will be held March 17 to determine whether Prince Ranariddh colluded with the Khmer Rouge, whose 1970s Marxist regime is believed responsible for the slaughter of more than 2 million of its countrymen. Observers and human-rights workers

say that it is far from clear that the Japanese plan can be carried out. There is some question whether King Sihanouk will grant the pardon. He backtracked from an earlier promise to pardon his son and said in a faxed letter to Agence France-Presse that he would only grant a pardon if Prince Ranariddh or a member

of the royal family requested it.

Recent comments by Mr. Hun Sen about abolishing the monarchy have fueled speculation that King Sthanouk will stay out of the current dispute. An aide to the prince repeated Wed-

ing for a pardon as he believed it would be a tacit admission of guilt. "There are a lot of issues," said one human-rights observer. "With the prince, we just have to sit tight and see

nesday that he had no intention of ask-



A display of evidence presented during the trial Wednesday of the exiled Prince Ranariddh in Phnom Penh.

#### BRIEFLY

## Scores Die in Pakistan Floods

KARACHI, Pakistan - Flash floods swept away hundreds of mud homes in southwestern Pakistan. killing at least 75 people, officials said Wednesday.

There were 250 missing. The damage is massive," said Noor Ahmed Shah, a government official in Baluchistan Province. 'We're trying to get help to the area, but it's still raining and nothing has been able to land."

A Pakistan Air Force C-130 aircraft and several helicopters tried to land in the hardest-hit area, near Turbat, 580 kilometers (360 miles) south of the Baluchistan capital of Quetta, but were forced to return, Mr. Shah said.

Much of the damage appeared to be to homes built along the banks of a usually dry riverbed. Rains that began Sunday gave rise to a torrent that roared over hundreds of homes.

# More Dark News for Auckland

AUCKLAND, New Zealand - Businesses and residents in central Auckland suffering through the 12th day of a power failure got more bad news Wednesday: The blackout will last 10 more weeks.

Merchants estimate that they are losing \$60 million a week because of the failure of four power cables supplying electricity to the center of New

Zealand's largest city. Two cables repaired by the city's power company, Mercury Energy, failed when tested Wednesday. It will take 10 weeks to run a new cable into the central area.

Central Auckland has been largely deserted since last month, when cables, strained by a heat wave. started to fail. The utility had no backup system. (AP)

# Child-Rights Protest in Nepal

KATMANDU, Nepal - Thousands of protesters marched Wednesday through the capital of Nepal to demand an end to child labor.

The police said that more than 3,000 child workers, school children and activists joined the demonstration in Katmandu as part of a global drive to highlight the state of the world's 250 million juvenile

The protest precedes an International Labor Organization meeting in Geneva in June that will draft a children's rights coovention. A group of marchers from Nepal, where there are 1 million child workers, will travel to India, Pakistan, Iran and Turkey on their way to Switzerland to press their demands (Reuters)

# A 2d Hong Kong Mail Bomb

HONG KONG — A package bomb was sent to a Hong Kong jewelry store Wednesday in the second

such incident in the city in three days. Witnesses said smoke poured from the package when it was opened a store employee, but no one was injured.

The police cordoned off part of Hennessy Road in the Wanchai commercial district for more than an hour, causing traffic chaos across Hong Kong Island. The chief police inspector, Douglas Shearer, said: There was an incendiary device delivered through the mail to the jewelry shop. The device was de-

flames, possibly cause injury to whoever opened it. Luckily, it did not burst into flames." He declined to comment on the identity of the

signed so that when it was opened, it would burst into

# recipient or the motive.

Gunshots in a Karachi Court

KARACHI, Pakistan - A man at the center of a disputed Pakistani romance was shot and critically wounded at a Karachi court Wednesday as he appeared to face charges of abducting his 19-year-old sweetheart. The police arrested seven members of the girl's family after the incident, in which three policemen were also wounded. Kanwar Ahsan, 30, who is from the Urdu-speaking Muhajir community, says he and Riffat Afridi were married after eloping in February. But ber family, from the Pashtun community, has accused him of abducting the girl at gunpoint and has named a man to whom it says she was already married. (Reuters)

# Kim Dae Jung Names Aide To Overhaul Spy Agency

SEOUL - President Kim Dae Jung on Wednesday appointed a close aide as intelligence chief and gave orders to overhaul the agency he says once kid-napped and tried to kill him.

Lee Jong Chan, 62, who until recently headed the president's transition team, served at the spy agency during the 1970s, wheo President Park Chung Hee used it to suppress political dissect.

Despite his background, Mr. Lee is considered to be a moderate conser-

Because he has first-hand knowledge of the inner workings of the agency, Mr. Lee will be well-positioned to reform the agency and prevent it from meddling in domestic politics," saida presidential spokesman, Park Ji Won.

During his election campaign, President Kim promised to overhaul the Agency for National Security Planning so that it will focus on its original role of gathering information overseas.

Until the early 1980s, the organization was known as the Korea Central Intelligence Agency. It was used by the country's former military dictators to hadow, kidnap and torture dissidents. Most observers say it has curbed its excesses while keeping a foot in domestic politics.

Fearing he was a threat to South Korea's conservative governments, the agency had painted Mr. Kim as a dangerous Communist for his campaign for greater human rights during the 1970s

In 1973, when Mr. Kim was in political exile in Japan, he was kidnapped from a hotel room by KCLA ageots. Mr. Kim says U.S. intervention prevented the agents from drowning him in the Sea of Japan. He was released in Seoul several days later.

The new spy chief is a graduate of the Korea Military Academy, which produced former military dictators.

#### ■ Seoul May Send Food Aid

South Korea is considering about 200,000 tons in food aid to North Korea, a newspaper reported, according to Reuters. The Chosun Ilbo said Thursday that the Seoul government planned to announce its plans on Tuesday.

"The government is considering sending food aid to North Korea through several means," the newspaper quoted a government official as say-

# Ha Hero in His Hometon

One of the planaghy many रहे भारत है। Nir. Can operated his scan for: without detection by local makes أحكالية بدر are laters and tobacco official fire ather for Chinese businessmen while tante is with Red Pagoli and the rebeen impossible advansat factoring amount of comme at water that Chu

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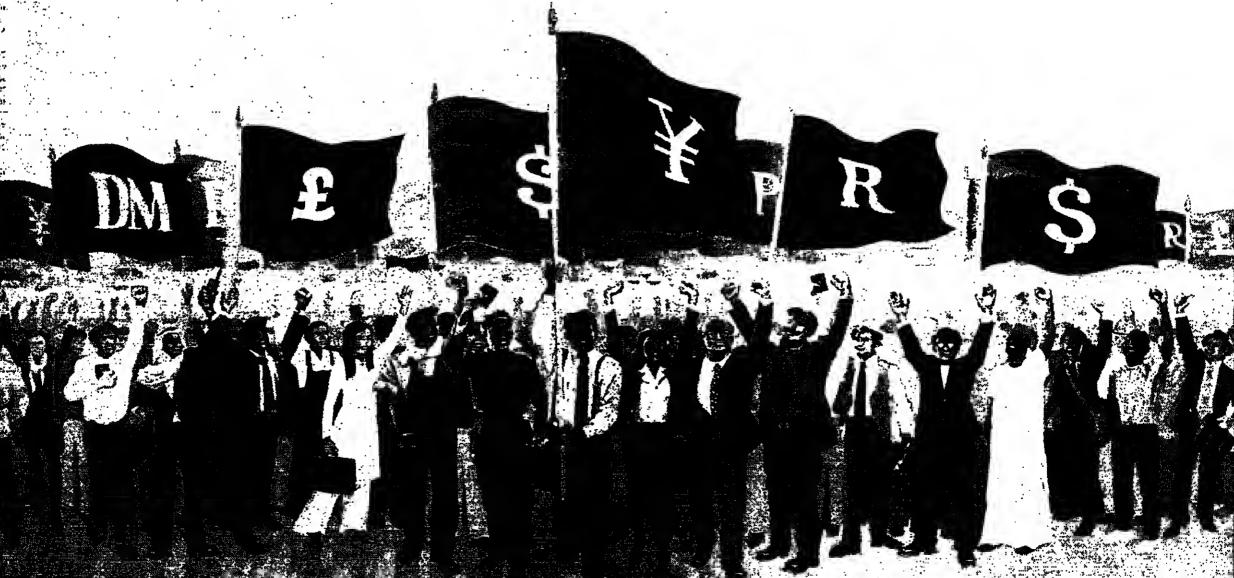
where they could be sold with In Yuxi, bowever, Mr. Com hero, even after the public alleged wrongdoing.

After all he did for this can be after all he can be a far and the can be a far should be forgived, officer at Red Pagoda, 7 ployees are now led by Zignian old man.

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CAPITALISTS OF THE WORLD UNITE!



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short of a revolution. To become a card carrying advertiser, call Steve Ran at (44 171) 930-0161/2.

Launch date: April 6, 1998. Closing date: March 2, 1998.

# Depressed Armenia Wonders If Victory Was Worth It

By Daniel Williams Washington Post Service

YEREVAN, Armenia — By now, people here thought, things were supposed to be better, much better, in Armenia.

With the collapse of the Soviet Union, this little corner of the Caucasus won long-sought independence. Everyone dreamed of democracy. The country had friends in Washington. Could prosperity be far behind? Armenia even won a little war along the way to puff up

But almost all has turned sour. Indepen-

fraudulent and, in any case, the winner was recently deposed in what Armenians refer to

as a velvet coup.

Victory in the war with peighboring Azerbaijan looks impermanent. That is particularly alarming because the cost of the conflict was counted oot only in lives but also in a crippled economy. Even when compared to other hard-pressed republics of the former Soviet Union, Armenia stands out as a loser.

With new presidential elections scheduled for March 16, the country is fast approaching

ciologist. "Now everyone sees that there must be change and some measure of realism."

The central issue of the campaign is the fate of Nagorno-Karabakh, the small, mountainous, ethnic Armenian enclave that Armenia won from Azerbaijan in a six-year war. Armenians are now debating whether possession of Nagorno-Karabakh stands in the way of Armenia's overall well-being.

Russian-supplied arms and a superior officer corps gave Armenia the victory there. In an elaborate fiction, Nagorno-Karabakh declared itself an independent repoblic. A cease-fire was arranged in 1994.

Azerbaijan refuses to accept the outcome, and time seems to be on its side. Armenia is weakening. Its borders with Turkey and Azerbaijan are closed, and other outlets, through Iran and Georgia, are tenuous. So-viet-era factories remain shut and unemploymeot is estimated at 45 percent. A country born to attract a far-flung diaspora is losing population through emigration and a low birth

Azerbaijan, on the other hand, is flusb with oil. Lobbyists in Washington promote its cause in Congress. At some point, the combination of wealth and influence may undo the battlefield result, some Armemans fear.

Prominent among the donbters was Levon Ter-Petrossian, the ousted president. Last November, he wrote a controversial essay in which he pressed for compromise as an alternative to further war.

"Let us not be preoccupied with self-deception," he wrote, adding, "On the issue of Nagomo-Karabakh, we have no allies. Our only ally is to reject adventurism."

Unfortunately for Mr. Ter-Petrossian, he lacked the political backing to present anch a stark choice. His 1996 election was marred by frand, and be became remote and dictatorial in the months since. A few phone calls from the Defense and Interior ministries were enough to send him packing; he resigned in early February. 'Certain power bodies you all know demand my resignation," he said, using an old Soviet euphemism for the police and

Mr. Ter-Petrossian's sin was acceptance of step-by-step approach to resolving the Nagorno-Karabakh conflict. Under a formula proposed by the "Minsk groop" of nego-tiators, in which the United States plays a lead role, Armenia would surrender some buffer zones to Azerbaijan and allow refugees to go home, while international peacekeepers would be deployed in Nagorno-Karabakh. Talks on the final status of Nagomo-Karabakh would be put off.

Mr. Ter-Petrossian's shift toward compromise grew out of persistent hardship in Armenia. Yerevan, the capital, shows the signs of economic depression. Few businesses are opening, and none of the fresh glitter of new

a stumble toward autocracy. The last pres-and now we are climbing down from the dential elections were widely regarded as dream, 's aid Lyudmilla Harutyunyan, a so-idential elections were widely regarded as dream,' said Lyudmilla Harutyunyan, a so-"The only option now is a compromise," Mr. Ter-Petrossian warned. "We can't wait."

Meanwhile, Armenia is losing out in the regional oil sweepstakes. It would have been a natural route for a pipeline from Azerbaijan. The pipeline and revenue from it are now likely to go to Georgia. The border with Turkey, regarded as a natural trading partner. is closed in solidarity with Azerbaijan.
"Never have the stakes in Nagomo-Kara-

bakh been clearer," said Vartan Oskanian, the foreign minister.

Opponents of compromise see in such comments the ontlines of a sellont. They argue that the sacrifices already made preclude rather than invite a change of heart. Nagorno-Karabakh authorities reject the step-by-step ap-proach. They argue that a solution must come in the form of a package deal, including an agreement about the final status of the en-

Acting President Robert Kocharian, the favorite to win this month's election, says he prefers a package deal. Mr. Kocharian embodies the tangled fates of Armenia and Nagorno-Karabakh. He is a native of the breakaway region, and was its president until last year, when Mr. Ter-Petrossian named him prime minister. He is running for president despite a rule that candidates must have resided in Armenia 10 years.

The fate of Nagorno-Karabakh ignites passions in Armenia, and it takes little time for a discussion to turn heated. At a market in central Yerevan the other day, a fruit and out vendor went at it with a track driver. Their debate is essentially the one that Armenians will carry on in advance of the vote.

"We should give it back - it's a burden." the truck driver said flatly.
"It's ours," the vendor replied with as-

"Then you go fight for it," the driver

retorted. A crowd gathered. "We can't give it up just so. Armenians have lived there for a long time."

'We must compromise. The word compromise set off a shouting match over the worth of Nagorno-Karabakh, scaring off the few customers interested only in buying nuts.

Emotions over Nagomo-Karabakh seem to be a legacy of Armenia's tragic 20th-century history. The 1915 massacre of a million Armenians at the hands of Turks forms the psychological landscape of Armenian identity. Violence against Armenians in parts of Azerbaijan in the 1980s revived old fears. Having triumphed on the battlefield, some Armenians are reluctant to surrender now.

"For better or worse, this war gave us selfesteem," said Miss Harutyunyan, the sociologist. "The 20th century started off with humiliation; now we've won a war. Maybe capitalism livens the streets. Building facades are unpainted, youths idle, services lacking.

The scene is an improvement over 1993 and who compromises will have to deal with.

### BRIEFLY

## Jospin Pledges Not to Re Convicted Italian Terror

PARIS - Prime Minister Lionel Jospin pl nesday not to extradite more than 150 conv terrorists who have been living in France, de entry into the European Schengen free-move The fate of almost 200 Italian extremists o

acts of terror has been hanging in the balance Italy joined the Schengen agreement in Octo In a letter received by one of their lawyers Mr. Jospin said he would abide by a 1985 de by former President Francois Mitterrand "no people who have renounced their former actic often made a new life in France."

### Paris Unveils Plan to Au

PARIS — The Socialist government in Wednesday unveiled a 51.4 billion franc (I plan to fight deprivation in a country where hold in 10 lives below the poverty line.

The plan was welcomed by President Jack who was elected nearly three years 200 on an

who was elected nearly three years ago on an ticket, but did little to implement his promis-Labor and Solidarity Minister Martine At ted the anti-poverty plan at a regular wer meeting presided over by Mr. Chirac.

# Jewish Wartime Assets F

STOCKHOLM - A Swedish commiss gating Jewish assets lost during World War 649 Swedish bank accounts and safety-de

dormant since 1945, the panel announced W
The Commission on Jewish Assets in Swe
accounts contained about 7.5 million Swe (\$937,500), and were held by people repr

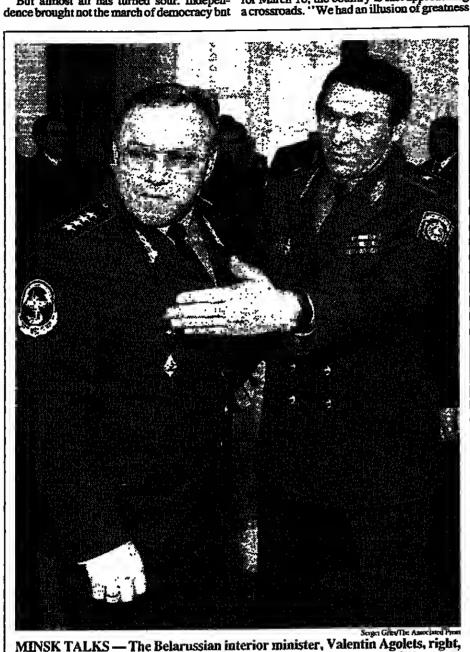
# War Crime Suspect Surre

SARAJEVO, Bosnia-Herzegovina — A B indicted for war crimes by the international tr Hague surrendered to NATO-led peacekee Wednesday, "He turned himself in earlie ooon," said Lieutenant Commander Lou

spokesman for the peacekeepers.
Dragoljub Kunarac, 37, handed himself ov troops at a base in the village of Filipovici, si north of Foca in southeastern Bosnia, Garneau said. A commander of Serb vol. during the 1992-95 Bosnian war, Mr. Kunara by the tribunal with orchestrating sexual ass. Bosnian women and raping three victims including a 15-year old girl.

#### Truck Hits London Palac

LONDON - A truck driver crashed throu Buckingham Palace and was arrested after th stopped by a barrier. Police said the truc involved in collisious with several vehicles b ing the palace. The driver was released on b



# Murdoch Says HarperCollins 'Screwed It Up' Over Patten Owner Criticizes the Way China Book Was Dropped

ushering his Russian counterpart, Anatoli Kulikov, into talks on Wednesday,

By Warren Hoge

LONDON - Rupert Murexecutives oo Wednesday for having "screwed it up" in the cocked it up at the end." clumsy dropping of the publication of a book by Chris Patten, the last British gov-

ernor of Hong Kong. The decision, attributed to ers of China, where he has had been entirely his and that completely inexcusable posi- asked to do anything." tion," he said in a interview published in The Times of Murdocb's News Corp.

Managers at HarperCollins with Beijing and sought to spread democracy in the publishing colony, attracting vilifying house's top editor, to tell Mr.
Patten that his book had not lived up to expectations and would not do well commercially. Mr. Proffitt, who bad publicly praised the book as the most lucid and intelligent he had ever read by a politician and a sure best-seller, refused and was suspended.

He is suing HarperCollins for breach of contract as is Mr. Patten, whose memoir is now being published by Mac-

Mr. Murdoch faulted his subordinates for inventing

the ontset that be did not want HarperCollins involved.

He said he thought the only PR sense because our people

people weren't more forth- China to suit its owner. right about it at the very beginning when I was with them," he said.

large media investments and he had "never been under any ambitions, had left him "in a pressure from the Chinese or He said he had oever been enthusiastic about Mr. Patten, London. The newspaper, like who in his four years in Hong HarperCollins, is part of Mr. Kong abandoned Britain's policy of accommodation

> comments from the leaders of "I think he made a bit of a fool of himself out there after suddenly discovering democracy at the end of a 100-year

" Mr. Murdocb said. He added that the issue was being "whipped up by the obvious papers," a reference to a campaign in a number of competing British papers to get the government to act against Mr. Murdoch for "predatory pricing." He has drastically reduced the price of The Times in recent years and seen its circulation climb at the expense of its rivals.

The Times was faulted last

said, he had been clear from week for ignoring the story of Mr. Patten's book when every other news outlet was giving it extensive coverage, and doch blamed HarperCollins damage to the firm was "in a Wednesday the paper came under criticism from ooe of its own writers for allegedly "I just regretted that our slanting its coverage on

Jooathan Mirsky, The Times's former East Asia editor, said: "The Times has Mr. Murdoch's desire to Mr. Murdoch said the inisimply decided, because of avoid antagonizing the lead-tiative to get rid of the book Mr. Murdoch's interests, not to cover China in a scrious way." In comments made in January but only gaining attention now through an Internet posting. Mr. Mirsky said he had a transcript of a conversation in Beijing between the paper's editor, Peter Stothard, and President Jiang Zemin of China in which the journalist apologized for having put a question to the Chinese leader about the dis-

sident Wei Jingsheng.
No word of the interview
was published, Mr. Mirsky said, adding that the episode amounted to "lowering ourselves in our own toilet." Mr. Stothard responded in

a lengthy statement Wednesday, saying that Mr. Mirsky's description of his trip to China was a "travesty of the truth" and asserting that "the China coverage of The Times is solely in the bands of the editor." Mr. Stothard added: "I have oever taken an editorial decision to suit Mr. Murdocb's interests. Nor have I ever been asked to."

# **GERMANS:** Ex-Soldier, 78, Seized as Murderer

Continued from Page 1

and killed 500 people, including women and children, during a two-day killing spree called "Operation Harvest Festival' in November 1943 at the Majdanek death camp prepared. in eastern Poland.

The camp was built in 1941 and became a principal site to kill Jews. By 1944, some 360,000 of the camp's 500,000 inmates had died in its seven gas chambers or as a abroad. result of brutal treatment by

prison guards.

Ms. Maylaender said preliminary evidence indicated that Mr. Goetzfried and his more than 70,000 people,

mostly Jews in Ukraine and Poland, from 1942 to 1943, two years before the war

in investigative custody until a formal prosecutioo could be

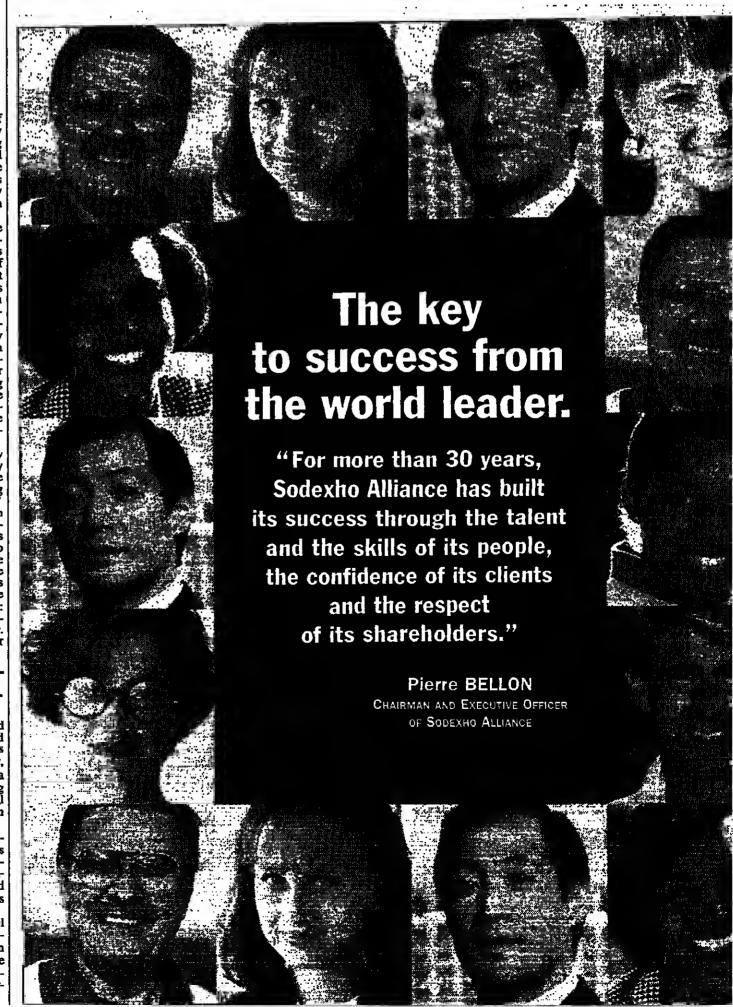
Arrests of war crime suspects in Germany have become extremely rare in recent

The last major trial in Germany involved Josef Schwammberger, the Nazi commander of a Jewish ghetto and slave labor camp secret-police unit might have in Poland, who was sentenced been involved in the deaths of to life imprisonment in 1992. After German unification in

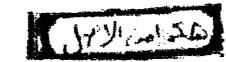
1990, investigators believed that voluminous and detailed files amassed over the years by East German state security, She said he would remain or Stasi, agents would lead to a new wave of arrests among Nazi war crimes suspects still living discreetly oo German

Willi Dressen, head of investigations into Nazi crimes years since many bave died or at the central office in Ludlong ago fled the country to wigsburg, said in a phone in-assume new identities terview that 28 cases gleaned from the East German files were still uoder scrutiny.

But he said it was doubtful that most of them would culminate in trials because in many previous instances, the suspects died before investigators could issue arrest war-



**EUROPE** 



# victed Italian Terrorist After the Rampage: Bodies of 14 Kosovo Albanians Return Home



wedish bank accounts and safety-depart announced in the Serbian police sweep over the weekend.

Ethnic Albanians in Kosovo on Wednesday mourning those killed in the Serbian police sweep over the weekend.

Out with fury at ethnic Albanians who

By Chris Hedges New York Times Service

LIKOSANE, Yugoslavia - A red Mercedes truck rumbled past a yard filled with distraught women sitting on wooden planks set on concrete blocks and unloaded its cargo of 14 mutilated corpses in a farm shed.

The bodies, many with eyes gouged out and gaping wounds, were wrapped in blankets and rugs. They were silently passed out of the truck, laid on wooden coffin lids and wound in white shrouds hy a Muslim cleric in a red turban.

In the hasty effort to confer some dignity on the dead, family members entered the shed and tried to wash the faces of brothers, fathers and children. Many broke down, and most had to be escorted from the room.

The dead, some of the 24 people killed over the weekend in the most brutal sweep to date by Serbian policemen and paramilitary units against rebels of the Kosovo Liberation Army, bore the marks of torture and summary execution that were the hallmarks of Serbian forces during the war in Bosnia-Herzegovina.

The testimony of the survivors, many of whom were badly beaten, added weight to accusations that the Serbian policemen and paramilitary soldiers in black uniforms went on a rampage after

live in areas where the rebels operate.

One of the wounded, Sefer Nebiu, sat in a room here 40 kilometers west of Pristina, the provincial capital, hooked up to an intravenous tube. He was shot twice through the leg as he buddled with his family hoping to evade scores of policemen who descended on them looking for weapons and rebels.

The Kosovo Liberation Army, which is fighting for independence for the province, has mounted a string of attacks in recent months that has left at least 50 dead. The rebel group has wide support in a part of Serbia where only 10 percent of its 2 million people are Serbs and the rest are ethnic Albanians.

"We were in the room trying to protect ourselves when a helicopter opened tire on the village," Mr. Nebiu said. 'Armored personnel carriers began to shoot and finally the police units arrived, all with heavy weapons. The police smashed the window. I yelled our that we were unarmed and the door was open. They pointed the barrels of their guns at us and opened fire."

Mr. Nebiu's son and daughter-in-law, Xhemshir and Rukie Nebiu, were killed when the police sprayed the room with bullets, Mrs. Nebiu's skull was shattered by a round as she was being cradled by her father-in-law

As the wounded lay groaning, a 72-year-old neighbor, Mohammed Islam Gjelt, grabbed an ax to fight the police He and his son, Naser, were both shot and killed.

The result of the resistance by the father and son was evident in a lengthy trail of blood that ran from the front room of their home down the steps into the yard. It appeared that the bodies of the two men had been dragged some distance by the police. The bodies later turned up in the Pristina city morgue.

"I saw most of the bodies," Bajram Gashi, a doctor at the small village clinic run by the Sisters of Charity, "and many of them had powder burns

suggesting point-blank executions."
Fibra Ahmeti, 35, clutched the uplifted finger of her 3-year-old son, Rustem. Her face was ashen, her white handkerchief askew on her head and her eyes wide with sbock and exhausoon.

Mrs. Ahmeti's husband, Hamze, and nine members of the Ahmeti family were rounded up by police units, beaten with rifle buits and marched away. On Mon-day night, Mrs. Ahmeti received a notice from the Pristina morgue that all 10 were dead. It was the bodies of the Ahmeti family, and four other victims who were later identified by relatives, that were

being unloaded from the truck.
"We heard the men scream in pain when they were out of sight," she said. and then we beard nothing. All of the women and children were herded into the yard while the police looted our homes, stealing everything we had of value, including our gold. The police stayed in our homes for a day, drinking, cooking their meals and steeping. We had to stay outside and were not allowed

to move from the yard." Survivors contend the police also picked out the younger women and dragged them away to rape them.

There are things they did to the women that are too sordid to be mentioned," said Shaban Shala, vice president of the Council for the Defense of Human Rights, an ethnic Albanian group.

About 40,000 people gathered on the barren hillside above the village Tuesday morning and stayed until the 14 bodies arrived at dusk. Most of the mourners, and some of the few foreign reporters, had to walk through the hills into the village to avoid police roadblocks. The crowd waited patiently for the 24 victims who were killed this weekend to be laid out in a row in front of a small platform

Sheremet Sejdiu, 58, sat at the head of four white shrouds that held the bodies of his sons. He clutched a 3-year-old grandson and tried to explain that the corpse in front of him was his father, receiving each time a blank, uncomprehending response.

"No one yet has managed to grasp what has happened," said Osman Sejdiu, 53. "My nephews were killed moments after the police entered the village. No one ever questioned them or asked them who they were. They were Albanians. In Serbia, this is cause enough to die.'

### ■ British Minister in Bosnia

Foreign Secretary Robin Cook of Britain arrived in Bosnia on Wednesday to check on the state of peacemaking efforts as the escalating violence in Yugoslavia threatened new instability in the Balkans, Reuters reported from Sarajevo.

Mr. Cook held talks with the Muslim, Croatian and Serbian members of the country's collective presidency.

British officials said he planned meet in Yugoslavia with President Slobodan Milosevic and ethnic Albanian leaders.

# Blair Condemns **Ulster Pub Killings But Stays Hopeful**

BELFAST — Prime Minister Tony Blair on Wednesday condemned the latest killings in Northern Ireland as a 'dreadful atrocity'' but said prospects

for peace remained good.

He spoke after a Protestant and a Roman Catholic, lifelong friends, were shot to death as they had a drink at a village pub in Northern Ireland on Tues-

day night.
There will always be extremists who seek to disrupt a process such as the peace process in Northern Ireland," Mr. Blair said in a statement. "They must

not be allowed to get their way. 'It remains the case that on any objective analysis the prospects for a settlement are good, and we have to work towards that with renewed vigor and determination. Democracy must defeat

He spoke after two masked men burst into a bar in Poyntzpass, a village south of Belfast, ordered the two men to lie on the floor and opened fire. Two other people were wounded in the late-night

"Gunmen entered a bar and opened fire on the victims when they were in a completely defenseless position," said the Royal Ulster Constabulary chief, Ronnie Flanagan.

The police said they had arrested three people in connection with the murders. Local politicians attributed the attack to Protestant "loyalists" opposed to the peace process.

The bar, in a village where Protestants and Catholics live peaceably side by side, was owned by the brother of a politician from the Catholic Social Democratic and Labour Party.

The incident was the latest in a series of sectarian attacks apparently meant to undermine multiparty talks designed to produce proposals for the future running of the province to be submitted to all-Ireland referendums on May 7.

About 20 people have been killed since Christmas in a spate of attacks. Britain and Ireland temporarily suspended the Irish Republican Army's political wing, Sinn Fein, from the talks last month after Northern Ireland police said the IRA was involved in two recent shootings.

# NATO Plans to Maintain Bosnia Force at Current Strength in '98

By R. Jeffrey Smith and Bradley Graham Washington Post Service

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WASHINGTON - The United States and its North Atlantic Treaty Organization allies have decided to keep the international peacekeeping force in Bosnia at its current size of roughly 31,000 troops through the end of this year, while agreeing on a slight reduction in the number of U.S. troops included in the force, according to senior American

NATO's decision not to reduce the number of troops after the existing peacekeeping mandate expires in June reflects wide apprehensions that the national Bosnian elections slated for mid-September could give rise to new ethnic clashes, and a broad conviction that a substantial troop presence is needed to deter new violence, the officials said

The officials said NATO members had agreed that even though Bosnia has been at relative peace since December 1995, the country remains poheliant: Palate and was arrested that them! litically tense and civil reconstruction efforts have a d by a nurser Police said the middle long way to go, "We're some way away from each in continuous wat reveral vehicles been having the deterrence mission completely financially in the development of the development was released or ball at ished," a senior U.S. military officer said.

General Wesley Clark, who commands NATO troops, told a Senate hearing that because of the fragility of the peace and the uncertainty of the elections, his staff had not considered a specific timetable for reducing the peacekeeping torce, let alone withdrawing it altogether.

As a result, the name of the so-called Stabilization Force will remain the same, and its military mission will be unchanged for the fore-

General Clark also confirmed that the option NATO had selected - to keep the force level constant - was the "most aggressive" option of the choices it seriously considered.

Congressional critics of the peacekeeping effort have said in the past that they feared the U.S. military was becoming mired in Bosnia, and demanded a deadline for an American withdrawal. But General Clark and other officials have said that this ear they oppose setting any deadline, and several Republican fawmakers predicted Tuesday that this view would prevail on Capitol Hill.

France and Germany had initially sought a U.S. commitment to antomatic reductions after the elections. But NATO ultimately decided the reductions would be pegged to benchmarks that are still being discussed, including such goals as resettling a substantial number of refugees and creating new, joint political institutions and linkages between ethnic groups, officials said.

At American prodding, NATO has already agreed that the American share of the peacekeeping burden — now at roughly 7,800 troops — should drop to around 6,900 or 7,000 troops after June. This is not as low as Defense Secretary William Cohen and Samuel Berger, the national security adviser, had initially said was needed to appease skeptics on Capitol Hill. But General Clark and other senior American and NATO officials argued successfully against making deeper reductions without changing the military's mis-

To ensure that the remaining U.S. force can respond to any potential conflict, the reductions are not expected to be taken in combat forces, but in secondary forces responsible for logistics, engineering, artillery and aviation, with European forces picking up the added burden, the officials

In another move that will have the effect of reducing the U.S. burden, NATO also accepted Washingtoo's plan to form a new military contingent of several battalions, most likely composed of non-U.S. forces, that will be on call to respond first to episodes of civil unrest, the officials said. This will add a new buffer between regular military troops and any localized violence.

"We are very pleased with the NATO de-cision," which maiched all of Washington's key preferences, said Robert Gelbard, special representative to President Bill Clinton.

Mr. Gelbard said that the new military arrangements, which have yet to be funded by Congress, should enable the West to press more aggressively for the completion of two key goals: resettling hundreds of thousands of Bosnian refugees in their prewar homes and ensuring that recently elected officials can govern peacefully in key towns.

Details of the new military contingent are still being finalized, but a senior American officer said he expected a total of 600 to 800 personnel to be made out of four farm wagons, allocated to two battalions kept in reserve under the operational command of the senior NATO officer in Bosnia.s

They will most likely be composed of troops vith police and military training from France, Spain, Italy, Poland, the Netherlands, Argentina and Germany, including some that are already in Bosnia, officials said. But an American official complained that Germany was so far "refusing" to contribute to the contingent.

Contract Food and Management Services - Remote Site Management - Service Vouchers and Cards - Leisure Services

# Successful Growth and Favorable Outlook.

Excerpts from Chairman Pierre Bellon's address to the Annual Meeting of Shareholders, February 24, 1998

1996/1997 FINANCIAL HIGHLIGHTS Over the year, consolidated sales increased by 18 percent to FRF 29.5 billion, broken own as follows: 

Operating margin widened to 4.7 from 4.5 percent, continuing the steady growth trend of the past five years. Group share of Consolidated net income totaled FRF 540 million, a 34 percent increase from the previous year's Group share of consolidated net income before non-recurring izems. At constant exchange rates, the increase came to 29 percent.

RECENT DEVELOPMENTS

Last September 30, Sodexho Alliance and Marriott International, Inc. agreed to combine their Food and Management Services businesses in the United States and Canada in a new company known as Soderho Marriott Services, Inc. To finance the transaction, we increase our capital by FRF 2 billion in November by issuing 835,770 new shares at a price of FRF 2,400 per share. Shareholders responded very positively to the issue.

Sodexho Marriott Services, Inc. will be North America's leading provider of Food and Management Services, with more than 4,800 operating accounts, FRF 24 billion in sales and 100,000 associates. Its shares will be listed on the New York Stock Exchange. The merger is taking place in a positive environment and should be completed at the end of March.

Separately, on October 31, Sodexho-Gardner Merchant acquired Marriott International's Food and Management Services business in the United Kingdom.

The creation of Sodercho Marriott Services, Inc. represents an exceptional opportunity for our Company. Although we led the Food and Management Services market in Europe and the rest of the world prior to the merger, we ranked only fourth in North America, far behind the market leader. With Soderho Marriott Services, Inc., we will be number one in North America, thereby strengthening our global leadership

\* Once again, Sodesho Alflance has gained new scope and depth. Over a full year, i.e., in fiscal year 1998/1999, we will have around FRF 56.5 billion in sales, more than FRF 3 billion in operating profit and more than 210,000 associates. In five years, we have multiplied sales by five, operating profit by nine and the number of

\* We have also changed our profile, wifts Food and Management Services accounting fot a larger share of our revenue stream. In 2000, this business will generate more than 90 percent of our sales and around ES percent of operating profit. In addition, we are becoming increasingly international. is 2000, more than 85 percent of our sales will be made outside france.

Our slebt has increased, limiting our ability to make new acquisitions. After three years of alliances and major acquisitions - Gardner Merchant, Partena, Soderho Marriott Services, Inc., Societho Alliance will now enter a phase of consolidation. During this period, we will focus on developing internal synergy and enhancing organic growth: Synergy will be created through the cross-fertilization of skills and the development of

economies of scale in the country operations, with the support of our global network. To do this, we will reduce purchasing costs, optimize restaurant working methods, negotiate international agreements with global suppliers, rationalize management structures, redeploy sales forces, forge agreements with global customers, eliminate redundant development costs, optimize new product and service development resources, and share IT development and training expenses. Throughout our corporate community, we will expand efforts to Share and spread innovative ideas, management methods and quality programs.

 All our businesses enjoy strong potential for growth especially Food and Management Services. We need to focus on organic growth, whose return on investment exceeds 50 percent. In-depth strategic studies undertaken in France, Italy, the US and the UK are helping us to increase sales and earnings faster. They are also providing methodologies that will be transferred to other countries. Thanks to steady, predictable growth in cash flow, we will recover our full investment capacity in a little more than three years and be able to make

\* The current year will be one of transition.

Based on currently available data and in light of the capital increase, earnings per share should increase by approximately six percent in fiscal year 1997/1998. Over the next three fiscal years, earnings per share, after amortization of goodwill, are expected to grow by an average 20 percent a year.

Since our Company was founded in 1966, it has grown into an international enterprise, but its strategic mission has remained the same:

· First, to continuously improve client and customer satisfaction. This means listening carefully to their needs, diversifying our food services, developing a comprehensive offe ring of other services, and pursuing our strategic commitment to quality and innovation. Second, to develop our human capital. We encourage the emergence of entrepreneurs by decentralizing decision making and responsibility. We instill a corporate culture in that recognizes individual performance at all levels. We want all our team members around the world to take pride in belonging to the Sodexho Alliance community.

 Third, to meet the expectations of our shareholders. This means increasing earnings per share, keeping you informed and, to the extent possible, getting you involved in the ongoing development of your Company.

I am convinced that the mutual bond of loyalty and trust between our customers, our employees and our shareholders will secure our sustainable development long into the In today's global marketplace, we derive important competitive advantage from our inde-

pendence, our global reach, the quality of our teams, and our excellent financial position. As you can see, our outlook is favorable. On behalf of the Board and yourselves, I would like to thank all of our many associates,

whose professionalism, dedication and efficiency are each day helping to ensure Sodersho Alliance's success around the world.

The dividend for fiscal year 1996/1997 has been increased 35 percent to FRF 35.00 before associated tax credit (FRF 52.50 including tax credit). It will be paid on March 5, 1998. Total payout amounts to FRF 263 million, corresponding to 49 percent of consolidated net income less minority interests.



# Sodexho Alliance worldwide leader in food and management services

For further information, please contact: Raphaël DUBRULE - Corporate Secretary

Phone: +33 1 30 85 74 74 - Fax: +33 1 30 85 50 05 - Internet : http://www.sodexho.com

# EU Reopens File On Turkish Ties

The Associated Press

BRUSSELS - The European Commission, trying to draw Turkey closer to the European Union without actually letting it in, presented its first proposals Wednesday in a new strategy for dealing with Ankara.

That essentially involves broadening the existing customs union between Turkey and the European Union, which opened markets on both sides, and calls on Greece to lift its blockade on EU funds

EU leaders officially rejected Ankara's appli-cation for membership at their summit meeting in December, saying Turkey was politically and economically unprepared and still had serious human rights problems.

The leaders ordered the European Union's execurive body to define a strategy to prepare Turkey for eventual entry.

The Turks, angered by their rejection and the European Union's decision to open membership negotiations with the Greek part of Cyprus, have refused all political dialogue with the European Union, but want to pursue economic relations. Turkish officials viewed Wednesday's proposals with candous optimism.

Hans van den Broek, the EU commissioner for foreign relations, said: "We would very much urge the Turkish government to continue cooperation with the European Union. Turkey is, and remains a key partner to the European Union despite the difficuloes we have."

The European Commission proposed extending the customs union to include services and the agriculture sector.

In addition, the European Commission advoc-

ated closer cooperation in such areas as telecommunications, investment, scientific research, environment, transportation, energy and consumer policy.
"I think our reaction will be wait-and-see," said

Selim Yernel, the chargé d'affaires at the Turkish mission to the European Union. He added: "The commission has gone as far as it

could go."
"They have made some progress. But of course everything is still on paper." While the commission makes proposals, action has to come from the Council of Ministers, made up

of ministers member governments.

Greece — has been holding up approval of 375 million European Currency Units (\$408 million), destined for Turkey.

The Council of Ministers - and in particular

This in turn has been holding up hundreds of millions more in loans from the European Investment Bank. "The commission did its best," said Mr. Yemel.

"But it's not entirely up to them." The European Union decided at its summit meeting to open negotiations with six countries: Poland. Hungary, the Czech Republic, Slovenia, Estonia

and Cyprus. In addition, the European Union offered preparatory talks to five more countries, not considered ready: Romania, Latvia, Lithuania, Bulgaria and Slovakia.

Turkey, long a staunch member of the North Atlanoc Treaty Organization, did not even make the list of also-rans for EU expansion.

Mr. Van den Broek said Turkey's "expectations had been too high" at the summit meeting. He also called Wednesday's proposals "a further step on the road in bringing Turkey into the European Union structure."

## EDITORIALS/OPINION

# India's Delicate Passage

promised vaguely to act only on the

intentions might not be enough to rein in the militant Hindu chauvin-

ists, with their vision of India as a

The rival claimant for power is an

uneasy coalition led by the Congress

(I) Party, which scored a more im-

pressive showing than seemed possible a couple of months ago.

a tribute to Sonia Gandhi, the Ital-

ian-born widow of former Prime Minister Rajiv Gandhi and the daugh-

ter-in-law of former Prime Minis-

ter Indira Gandhi. Sonia Gandhi

drew large crowds while defending

India's secular tradition and reminding people of her family's leadership

It will not be easy for the Congress Party to gain the trust of other political

organizations in its bid for power. The temptation to put Mrs. Gandhi forward as a figurehead should be re-

sisted. Though she showed courage

and conviction in the campaign, she

has never done anything to qualify as

the political leader of a sprawling and

At this moment of maximum vola-

The Congress Party's success was

The problem is that Mr. Vajpayee's

basis of a consensus.

Hindn state.

and sacrifices.

fractious nation.

icate and dangerous political period. After another tumultuous campaign, the main Hindu nationalist party has fallen just short of a parliamentary majority, but it still won more seats than any other party.

Whether it will be able to form a government, or even be invited to do so by President K.R. Narayanan, is an open question. As competing factions seek to round np majorities, the clash of ideologies and jockeying over spoils in the next few days will probably test India's stability and cohesion.

In the last election, two years ago, the Bharatiya Janata Party, or Indian People's Party, as the Hindu nationalist organization is known, also won a solid plurality. But it failed to attract enough parliamentary support to form a viable government because nearly every rival group refused to sign on to the party's noxious brew of Hindu

This time, because the Hindu party has fallen only about 20 votes short of a majority, it seems in a better position to pick up the necessary votes to form

In the latest campaign the party's leader. Atal Bihari Vajpayee, tried again to portray himself as a moderate on religious issues.

Though be has not gone so far as to repeal the party's pledge to dismantle India's long-standing protections for the country's Muslim minority, be has

competitors.

stance and offered some dubious new

be called a monopoly because its cboke

He insisted that his contracts with

equipment manufacturers and Internet

service providers did not prohibit their

customers from buying rival software.

But he failed to point out that some of

those contracts placed high burdles be-

tween customers and noo-Microsoft

witnesses by two critics and compet-

itors. One was Jim Barksdale of Net-

Kofi Annan spent a year pushing reform at the United Nations and pro-

ducing results that won respect from

sober critics of its managerial, budget-

ary and administrative borrors. He was

to go to Washington this week to urge

Congress to pay the \$1 billion-plus in

mission to Iraq filled the screen. From

earnest reformer, the otherwise low-

profile secretary-general became con-

troversial diplomat. He put off his trip

to Washington ostensibly to work on a

new Iraq resolution. But the American

debate shifted ineluctably to the ways

of the United Nations. The campaign

to induce the United States to pay up

Lott, put it, "I am a lot more interested

in what the UN is doing or not doing in Iraq than I am in talking with [Mr. Annan] about the UN arrearages."

Iraq achievements, opinions vary. Some people think he served peace and

saved the United States a bombing

fiasco. Others, including us, wonder if

This is unfair. About Mr. Annan's

As the Senate majority leader, Trent

But that was before Mr. Annan's

American arrearages.

was marooned.

Mr. Gates was joined on the panel of

bold might disappear tomorrow.

Despite Microsoft's 90 percent

rket for oper tems, he said, the company could not

twists on standard economic terms.

A Change of Fortunes for Iraqi Opposition Leader WASHINGTON — Six months ago Ahmed Chalabi, Saddam

Hussein's most persistent and effective Arab political opponent, was a pariah in this town. Desk officers in the U.S. govern-

ment's Middle East bureancracy would not return Mr. Chalabi's calls when he visited. The CIA was bad-mouthing him to reporters.

It was a grim time for a man who has been an honest, observant and reliable interpreter of Iraq since we met in Beirut 26 years ago. Our friendship survived my departure from the Middle East a few years later, several wars in the region and numerous betrayals of Mr. Chalabi's cause by successive American governments.

Despite his own unrelenting confidence on recent visits here. I felt growing apprehension for this cultivated Iraqi banker, mathematician and revolutionary.

But tomorrow is always another day in the life of an exile politician. On

Monday, Mr. Chalabi appeared before the Senate subcommittee on the Middle East and got a sympathetic hearing for his new, detailed paramilitary plan for undermining Saddam's reign of terror. Mr. Chalabi is suddenly sought after by officials at the Pentagon and State to talk

that UN Secretary-General Kofi Annan concluded with Iraq bas

This arrangement could trigger more turf battles of the

sort that have plagued the re-

lationship between the UN

Special Commission on Iraq.

or Unscom, and the Interna-

tional Atomic Energy Agency,

or IAEA. It could further un-

dermine attempts to ferret

out Iraq's surviving nuclear

weapons capability (still a

clear and present danger) while

undercutting the campaign to find and destroy Iraq's other

weapons of mass destruction.
Immediately after the Gulf

War in 1991, the Vienna-based

IAEA lobbied hard at the

United Nations to retain the

lead role for nuclear inspec-

tions in Iraq, despite its dismal

By Jim Hoagland

about low-intensity conflict scenarios. Republican senators have taken np Mr. Chalabi's years-old campaign to have Saddam declared a war criminal and tried by an international tribunal. Some of these lawmakers speak of guid-ing tens of millions of dollars toward a

reactivated, united Iraqi opposition.

Mr. Chalabi has been delivered from the hands of the spies, with whom he worked for a few years, and the U.S. government's Arabist ideologues (wbo disdain his willingness to work with Iraq's Kurds and other minorities) into the hands of American politicians. My reaction wavers between "Hallelnjah" and "Oh no."

On balance the arrival of the politicians, bowever late, is good for Mr. Chalabi. They will open up a debate about change in Iraq that Washington's area experts, bureaucrats and military commanders always struggle to

What changed Mr. Chalabi's fortunes? Nothing new that be has done. Instead, the Clinton administration bungled into yet another confrontation

incapable of overthrowing the Iraqi dictator with anything less than a replay of Desert Storm, which this administration is incapable of mounting. That left a political vacuum into which Trent Lott and others have rushed.

Kofi Aman's stomach-turning praise of Saddam also energized Mr. Lott. Jesse Helms and others who detest Saddam but who hate the United Nations. The Iraqi opposition has suddenly become a national issue in American politics, with the Republicans eager to showcase Bill Clinton's mistakes and neglect of Iraq — an all too easy task.
Long cowed into silence by memor-

ies of the warm embrace that George Bush and Bob Dole, among others, fastened on Saddam before Kuwait, the Republican Party now has standing to ask Who Lost Iraq (This Time) and to credibly blame it on President Clinton and Vice President Al Gore. Time and fresh incompetence may not heal all wounds in Washington, but they do grant amnesia; and perhaps amnesty, to all political parties.

The Republicans will be tempted to use Mr. Chalabi and his organization, the Iraqi National Congress, as a clinb to swing at Mr. Clinton. The Democrats with Saddam. It was forced to acknowl-edge at the end of the day that it was at Mr. Chalabi's expense, repeating

old discredited smears about banking troubles in Jordan, as Charles Robb did at Monday's Senate hearing.

Mr. Robb's question had the ear-

marks of a plant from the White House or the CIA. Mr. Chalabi's recent from bles in Washington stem from his decision to go public in interviews with The Washington Post and ABC Television last summer revealing the agency's bungling in Iraq m 1995 and 1996.

The agency's director, George Tenet, and his aides still resist serious internal or outside inquiry into what went wrong. m Iraq. As long as they do, take administration claims that it will finally get tough with Saddam as more self-serving fluff from masters of the genre. Working to undermine Saddam's rule is a long, difficult — and worthy - enterprise. The spies and govern-ment experts of the Bush and Clinton

eras are busy telling you that since they couldn't do it, it can't be done; the opposition is too weak and divided; the victim is to blame. American politicians of both parties

should sign on to this task of opposing Saddam with a determination to see it. through, and to show how wrong the experts can be.

# Now Is a Good Time to Revisit Saddam's Nuclear Capability WASHINGTON — The diplomatic arrangement

tility, Mr. Narayanan needs to move swiftly to pick the party or coalition most likely to stay in power long enough to tackle the country's immense social and economic problems.

— THE NEW YORK TIMES.

Gates on the Hill Bill Gates's appearance Tuesday scape, whose browser, Netscape Nav-

before the Senate Judiciary Commitigator, is under pressure from Microsoft's Explorer. tee lacked the drama of when, early in the century, Congress hauled in I. P. Morgan to defend Wall Street's fright-Another competitor was Scott McNealy of Sun Microsystems, which ening reach into the sinews of the sells software that Mr. McNealy bopes will replace Microsoft's Wineconomy.

Tuesday's bearings also lacked the impact of turn of the century inves-To Mr. Gates they are whining losers, but while they provided little more than sound bites, both offered an tigations of Standard Oil's manipulative stranglehold — an inquiry that informed later antitrust law and court unmistakable message — Microsoft is a monopoly whose predatory practices deserve prosecution under the antidoctrines. Even so, it was a moment of no small importance — the first confron-

America in Arrears

tation between the information age's They are certainly right about the monopoly part, but what is the govwealthiest and most gifted entrepreneur and a Congress that is trying to figure out whether Mr. Gates is the ernment's proper response? A single operating system like Microsoft's simplifies the tasks of writing, selling and using software. That belps consumers. But with monopoly also consumer's best friend or a crafty monopolist determined to crush all Diplomatically polite to his sena-torial hosts, Mr. Gates nevertheless comes the potential for abuse. So where should the Justice Department gave little ground on matters of sub-

draw the line? This page has argued for the following antitrust test: Are Microsoft's practices driven largely by technoloconsumer benefits? Or has Microsoft designed and marketed its operating system, Windows, for the purpose of blocking consumers from doing business with its rivals? If the latter is the case, then the antitrust laws are an ample remedy.

Bedazzled or simply numbed by their star witness, the senators did not entertain this or any other course of action Tuesday. The Justice Department will have to lonk to itself for

whether the United States will respect

its solemnly undertaken financial and

Nations does not act like a branch of

the American government. It is that

the United Nations is an often mad-

dening but still valuable instrument

The arrearages have led an un-

charmed life in American politics. To

the still unresolved abortion battle that

The point is not that the United

political obligations.

of American policy.

ments to the deal.

United States' turn to act.

—THE NEW YORK TIMES.

By Paul Leventhal and Steven Dolley

record of misjudging Iraq's nu-clear intentions and missing Annan concluded with Iraq has averted U.S. air strikes for the time being. But by creating a "Special Group" of diplomats to oversee UN inspections of Saddam Hussein's presidential sites, he is laying a new bureaucracy on top of an already fragmented inspection regime.

This arrangement could evidence of its weapons program at every turn.

The cease-fire resolution was soon crafted to provide for a sharing of responsibilities be-tween the IAEA and Unscom in the nuclear sphere, while giving Unscom exclusive control over the search for Saddam's chemical and biological weapons and missiles.

The results of this relationship - including strong differences between the agencies on how to assess the current nuclear threat and bow to deal with it - provide important lessons on pitfalls to avoid at this criocal juncture.

Last June, the outgoing Un-scom director, Rolf Ekeus, expressed concern that the nuclear weapon components manufac-tured by Iraq before the Gulf War had never been found.

"We doubt they have been destroyed, but we are search-

And, in what he flagged as a "difference" with the IAEA, be said Unscom experts befieved fraq was capable of making a "viable weapon" if it could buy a sufficient quantity of plutonium or highly enriched nranium. The expert advising the IAEA recently put Iraq's "time to a bomb" at five years.

The IAEA, in its latest reporting to the UN Security Council, complains of having reached a point of "diminishing returns" in its inspections and proposes a shift to a less intrusive monitoring arrangement, Russia, France and China seized upon this to propose closing the nuclear file on Iraq.

Yet the IAEA's own detailed reports show that Iraq's nuclear scientists are still in place, that key nuclear weapons components remain unaccounted for, that major gaps still exist in Iraqi reporting of its postwar nuclear be said at the Carnegie weapon design work and that

ment of nuclear equipment and materials continues.

It would be a big mistake to assume that the absence of evidence of an Iraqi nuclear weapons program is evidence of such a program's absence. In 1990, Saddam success-

fully engaged in a grand deception to deflect the world's attention from his nuclear weapons program by drawing attention to his chemical weapons threat, After the Gulf War, a vast Iraqi Manhattan Project was unearthed, and most of it was destroyed.

Today the danger is that Saddam is trying to divert attention from a small but deadly remnant of that program - a well-hidden unit that could use retained blueprints and components to turn out weapons made with smuggled fissile material on short order.

There is an opportunity to use the establishment of the new Special Group to reinvigorate the UN's flagging nuclear investigation. The choice of UN disampament undersecretary : Iraq's : clandestine procure- Jayantha Dhanapala to head up Herald Tribune

the Special Group is a good one. The Sri Lankan diplomat is highly respected and trusted in nuclear nonproliferation and arms control circles. Mr. Dhanapaia is capable of

promoting cooperation be-tween the IAEA and Unscomif this were made a part of his mandate. He could begin both to end interagency bickering and to 'test' Iraqi intentions - by insisting that fraq produce four crucial reports, long promised but never delivered, on unaccounted-for design drawings, fabricated: components, procurement activihes and government planning for nuclear weapons.

If Iraq continues to stonewall despite his request, it would become clear that the UN must press forward with intrusive nnclear inspections as long as Saddam remains in power.

Mr. Leventhal is president and Mr. Dolley is research director of the Nuclear Control Institute. They contributed this comment to the International

# America's Elite Prospers, but What About the Rest?

By Robert Kuttner

SWASHINGTON — Conservative politicians and intellectuals keep having trouble reconciling their story line with the facts. Consider two favorite whipping boys lately in the news --- America's lousy schools and America's dismal savings rates. The recently released Third

International Mathematics and Science Study, comparing the performance of U.S. kids with counterparts overseas, seemingly provides new ammunition for the right. American fourth graders score about average in the Annan agreement will hinder UN the industrial world, but by 12th arms inspections. But that is not the grade U.S. students rank near issne before Congress. Congress is, or should be, seized of the question of the bottom.

This result led Chester Finn, a former Reagan administration education official and schoolvoncher advocate, to proclaim on the Wall Street Journal editorial page: "The public schonl system as we know it cannot fix itself. It is an ossified govern- evil empire, whose statist econment monopoly.

But every one of the countries whose children outperformed ours has more coherent state school systems, clearer national standards and far greater equality of funding. They also have more social supports for parents, who can then spend more time with their kids. Guess who led the list? Sweden.

That would of course be social-democratic Sweden, regularly denounced by the same Wall Street Journal editorial page for its unaffordable and inefficient social outlays. Other top performers included such malefactors as Denmark, Norway and the Netherlands.

Guess who else beat us Americans smartly in math and physics? Russia! That would be the omy collapsed, whose real living standards are perhaps onefourth of America's. But even destitute, corrupt Russia manages to find the money and the teachers to instruct its children adequately in math and science.

Then there is the issue of savings rates. For two decades, conservative economists have been ranting that the U.S. economy was succombing competitively to countries with higher savings rates, such as Japan, Korea and most of Europe. We did not save enough so we could not invest enough, the story went.

Today, the same economists are smugly proclaiming the su-periority of the U.S. model and the weakness of places such as Germany and Japan - countries with much higher savings

workers. How to reconcile all

For one thing, many factors matter to economic performance. It turns out that if you have smart entrepreneurs and competitive products, other nations will invest or lend you capital: so domestic savings rates do not constrain economic growth.

It also turns out that if you do a good job educating the top quarter of the class (which America does) and welcome skilled immigrants (which we also do), the economy can perform nicely even if most kids do not excel at math and science. But consider the implications. If it takes only a few million

high performers to allow the economy to soar, what will become of the rest? America today is the most

unequal country in the advanced world. If that reality retarded overall economic growth and harmed the economic elite. maybe the people who run the country would pay more attention. But evidently the well-off can coexist all too nicely with the laggards.

After all, poorly educated and low-skilled people make perfectly adequate fast-food servers, back office clerks, janitors, gardeners, drivers and housemaids. They are far cheaper to hire than their European counterparts, who get the

rates and much better educated same social benefits as the European elite. We need to educate all Amer-

> icans, not for "competitiveness" but out of concern for the kind of society we want to be. If we were serious about educate ing the bottom balf we would not turn to vouchers and further splinter the system. We would equalize school funding, put more money into classroom teaching and make life easier for parents - like the nations that outscored us.

By the same token, our overall rate of savings is less important than the question of who amasses savings and why Today, thanks to the soaring stock market and relatively stagnant wages, personal financial wealth is more highly concentrated than at any time since the 1920s. The working poor do not save much because they barely make ends meet.

Yet fiscal conservatives of both parties (seconded by roo many mainstream economists) think we should hold on to the projected government budget surpluses — rather than investin the social outlays like education, training and child development that might allow the bottom half to pull itself np.

The writer, co-editor of the American Prospect quarterly, contributed this comment to The Washington Post.

# **Making Math Class Relevant**

CAMBRIDGE, Massachu-setts — The dismal perforhas plagued consideration of the issue has now been added a battle over the State Department's alleged amendmances of American 12th graders on the Third Interna-All this is discouraging. But the tional Mathematics and Science United Nations is too important to a Study is naturally disbeartening. broad range of American interests to Even in a pool that lacked the allow issues irrelevant to the American usual high-scoring Asian councommitment to the organization to intries, American students mantrude. Reform, Congress ordered. The United Nations is delivering. It is the aged to score near the bottom. But we should resist the tendency to focus on increasing -THE WASHINGTON POST.

> These tests do not measure whether students can think scientifically or mathematically. They just measure a kind of lowest common denominator of facts and skills. So getting students to do well on them does not necessarily mean much in

the real world. It does not even

mean that students will have

our students' scores on these

successful careers in science and technology. Half a dozen years ago, when our economy (as well as our test scores) was languishing, it was easy to blame our poor schools and to push for better results from our students. Now America stands at the top of the world economically, but our students are still scoring at the bottom on international math

Since high scores on these tests obviously are not crucial to our economic success, we need to decide what kinds of tests matter in helping form the kind of citizen we want to have. Standardized tests should find

By Howard Gardner

out if American students can think in a scientific manner. This means teaching students

to understand the nature of the scientific method: bow experiments are set np, how models and theories are constructed and tested, how to decide what theories best describe a phenomenon. Students learn these concepts only by designing and carrying out their own experiments.

Tests should measure a student's scientific ability by presenting a problem, offering data to solve that problem and positing several different interpretations of the data. The test taker might be asked to determine what conclusions can and cannot be drawn.

But most standardized tests ask fact-based questions that sample a wide range of topics in a somewhat superficial way.

Students who score well on these tests are like well-trained athletes or musicians: Through practice, they have become proficient at a certain skill. In this case, they have done extensive problem sets in many different 'content areas" and can move than ever. quickly from one guescion to

These tests are helpful in the real world, especially in high school and college. But they simply do not show whether a student can think seriously

about a scientific issue. We could drill our students with problem sets and raise their test scores but still be left with a population that remains scientifically and mathematically challenged. After all, students should be

able to apply scientific and mathematical concepts to the world around them. As adults, they will need to know bow to decide which life insurance to buy, how pesticides affect their food and how interest rates affect home mortgages. Citizens also need to be able

to decide whether cloning research should be banned. whether more money should be poured into studying global warming and wbether there should be a national health care plan. Aren'i these skills ultimately

important for our nation and others, too? We must rethink the way we teach science and math. We must have the foresight to pursue a less traveled road, one that can lead to a citizenry that can think rigcrously and make informed decisions and that can handle a future where science and technology will be more important

The writer, a professor at the Harvard School of Education, is the author most recently of "Extraordinary Minds." He contributed this comment to The New York Times.

# IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1898: U.S.-British Ties

BOSTON - The address of Mr. Richard Olney, former Secretary of State, at Harvard College in advocacy of Anglo-Saxon unity and co-operation with Great Britain for the betterment of the human race, attracts attention. There has been a change of sentiment in Mr. Olney since the policy of Lord Salisbury in China has been seen to coincide with American ideas and interests, and also since the probable entanglement of a quarrel with Spain has brought into clearer view the value of England's friendship.

1923: Women in Jail

WASHINGTON - Now it is the woman bootlegger. She has risen in her might to complicate the wheels of Federal justice. A steady increase in the number of these dry violators and the brisk demand of the illicit liquor trade

for the assistance of feminine intuition in the business of purveying hooch is responsible for an unprecedented and unpara alleled increase in the number of women prisoners of the Feder eral Government. The problem of a rapidly developing shortage of jail facilities for female prisouers is of especial concern.

1948: Neutral Finland HELSINKI - Finland will

agree to negotiate a friendship and defense pact with Russian The Social Democrats informed the President that Finland could not reject the invitation to negotiate. The Social Democratic recommendation added: "We should enter into negotiations of the basis that our nation will maintain her impartiality. The peace-loving majority of the Finnish people opposes any mil itary alliances and will do its utmost to keep the nation outside any international conflicts."

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OPINION/LETTERS

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old, discredited smears about troubles in Jordan, as Charles at Monday's Senate hearing.

Afr. Robb's question had a chiral from the White bless in Washington Stem from the sleepy, resentful denizens of an echoing stone courtroory. or the CIA. Mr. Chalabi's real sites in Washington stem from an Cision: to go public in introde an The Washington Post and Air agency: a bungling in land 1996.

The agency's director Georgicand has aides still resist senon in or causide inquiry into what we or carside inquiry into what had or carried inquiry into what was in fract. As long as they do be numistration claims that it will be rough with Saddam as many from masters of a. serving fluff from master of the working to undermine the rule is a long, difficult—and an enterprise. The spies and an enterprise of the Bush and the enterprise of the ente cras are busy telling you that say COUNTY! GO IL II CAN'I be doe orposition is too weak and draft

American politicians of both should sign on to this task of ope Saddam with a determination to through, and to show how work The Washington Post

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s freewiship. n in Jail ... North it 15 gger. She has to complicate sal justice A the number of umost to keep the life and the brisk it liquor trade

The presiding judge, in red

satin and ermine robes, sighs

as he adjusts yet another doc-

ument oo the overhead pro-

jector, the magistrate over-

seeing the spectators in the

fidgets. They are deep into

the fifth month of what will

probably be France's last trial

of an accused war criminal

from World War II - a trial

that was supposed to take, at

But the defendant, Mau-

rice Papon, the 87-year-old

former Vichy official, has not

stonewalled or professed arn-

nesia, like others tried and

coovicted in recent years of

crimes against humanity dur-

ing the Nazi occupation of France Instead, he has de-fended himself zestfully, sar-

castically and in great detail,

forcing the participants deep-er into the murk of French

The result is a trial short on easy moral moments but long

on something just as important - not just here but in the

more spectacular tribunals

weighing crimes against hu-

manity in South Africa or The

Gironde region under the col-

laborationist Vichy regime

and went on to a promineot career in postwar French pol-

ities, is making a classic, and classically infuriating, de-

fense: Yes, he was there, he

slow things down. German

a working enforcer, did the

Hague.

memories about Vichy.

the most, six weeks,

"video room" yawns and

# Osition Leade Between Yawns, the Shock of History to grasping an ugly past check of immediacy,

better this winter than the saddesl days of my life."

This tack has proved effecove not just in irritating spectators and politicians who hear in it the uncomfortable echo of the rationale for French behavior during Vichy --- but also in forcing the attention of the trial onto smaller details of action and

His lawyers offer evidence concerning a group of three

The Papon trial has few easy moral moments.

Orphaned refugees from Biarritz who washed up in Mr. Papon's jurisdiction and were spared deportation, in an order bearing bis signature, on grounds that they had a Catholic grandfather and were to be considered Catholic.

Yes, says the bead prosceutor, but here is another order, also signed by the defendant, in which he forwards the orphans' religious doc-uments to the archbishop of the diocese, to see whether they are faked. Was this the action of a man seeking to prevent deportations wherever possible?

It is the slow, uphill struggle of a roomful of As the weeks drag on, it people trying to piece togethamounts to a sort of endurer the past, and then, as if that ance contest, and not everyweren't difficult enough, seeking to grapple with the questioo of real personal and body involved has passed the test. Of the 30 or so lawyers representing the various "civil parties" to the proscriminal responsibility. Mr. Papon, who served as ecution — historians, orga-nizacions, deportees' families secretary-geoeral of the

a fair number have stopped attending altogether. Others stay only to posture, asking the defendant long, feather-fluffing questions to which there are no obvious

signed the papers, but really all the time he was striving to Outside the courtroom, there have been attacks on the trial and demands that it be superiors gave all the orders. halted, both from the Gaullist he says; an officer below him, right (where politicians squirm at the implications of Mr. Papon's repeated argunasty stuff and signed most of the really incriminating pament that he is being offered pers. Why didn't he resign, as a scapegoat for the entire postwar government) and from the prosecution.

At one point, the wellknown French Nazi hunter Serge Klarsfeld and his son 1,600 Jews who ended up in extermination camps? Yes, but those deportations repremoval of the presiding judge,

sented his failures - "the Jean-Louis Castagnede, on

the ground that he had distant relatives who had been deported, International and French

Jewish groups spoke out loudly against the Klarsfelds' hid, saying Judge Castagnède had given every evidence of being scrupulously evenhanded, and the demand was eventually withdrawn. The Klarsfelds' interven-

tion raised suspicions that the civil parties fear Mr. Papon may be cleared, making a mockery of untold costs and 16 years of preparation and research. And yet even that unlikely outcome would leave behind something in-comparably valuable, a courtroom's worth of people who, by dini of sheer slogging, have served up a tremendous abundance of historical evidence and context ahout Vichy to anyone willing to follow it in the daily papers

And along with context comes an oceasional jolt of that other ingredient essential

to grasping an ugly past — the shock of immediacy, of history made real.

"There's nothing like looking at a document to make a gap of 50 years just disappear, says an expert on war crimes trials, Diane Orentlicher, a law professor at American University. It happens in Bordeaux

one day when Judge Castagnede, in response to testimony, puts on the overhead projector a document that details the deportation from a hospital of its last few patients -- one of whom, it turned out, was too sick to be moved. And how was this determined? Judge Castagnède, his voice trembling slightly, puzzles out the handwritten annotation next 10 the prisoner's name:
"Helpless — must be dragged."

The court momentarily goes quiet. Then the judge takes up the next document and the argument grinds on. This isn't the banality of cvil. just the dogged boredom of hard work.

# The Bookie Always Wins in the End

KUURNE, Belgium — Just inside the entrance to the parking lot, the bookmaker set up shop. A small wooden table, a sheaf of white betting slips bound by a thick rubber band, an easel holding two pieces of white wallboard with the names of the racers and

their odds. Standing next to the table with a thick pencil in his hand, the bookmaker was ready for business. Isn't betting on bicycle races illegal? a foreigner asked. Carl Deprez raised his thick eyebrows fractionally. He looked around,

nodded his head at the policemen way-

ing team cars through to the staging

area of the Kuurne-Brussels-Kuurne

race. If it were illegal, would even Belgian policemen fail to notice?

"Perfectly legal," he said. "An honorable profession." But a dying one. "Twenty-five years ago, there were maybe 30 of us. Now we're down to six or seven. There's not much money to be made."

money to be made. " Deprez paused in his explanation because there was business to be done A man and woman were examining his boards: He liked Johan Museeuw, a former world champion, winner of the last Kuarne-Brussels-Kuume race, ranked ninth in the world and a native By Samuel Abt

of this part of Flanders to boot. Museeuw's odds were 4-1 to win. (He was nowhere in sight at the finish.) She liked Andrei Tchmil, a winner of the celebrated Paris-Roubaix in 1994, third the day before in the more demanding Het Volk race, ranked sixth in the world. His odds were 6-1. (He won.)

No way Tchmil, he said, don't waste your money. Instead she placed her

#### MEANWHILE

100 Belgian francs (about \$2.70) on Tom Steels, yet another Belgian and moreover the champion, a strong sprinter, 51st in the world. His odds were 4-1 to win and even money to place. (He failed to finish.) Deprez took their money and gave them receipts. Bets range from 100 francs to 1,000, he said. When Deprez is not doing this,

he teaches school - languages, mainly Dutch and English. "A hobby is what this is," he said. He travels to about 100 races a year,

mainly one-day competitions called kermesses that Belgian towns stage all spring and summer with riders almost

nobody has heard of who belong to

teams equally obscure. The box into which he out the bets was beginning to fill. Some riders from the Brescialat team from Italy poked their heads over the railing to see what their chances were. (None.) On a good day. Deprez does several thousand francs' worth of business, not really enough to support any bookmaker who is not doing it as a hobby. People just don't bet the way they used to, he said, but he could not figure out why.

The foreigner decided to take a fluiter. "Moneassin to win," he said, "100 francs." This amounted to insider trading since the foreigner bad talked with Frederie Moncassin, a French rider, and heard him say he was in fine condition and expecting a good result. Moneassin knew the race, too, having won it in 1995.

Moneassin to win." Deprez repeated, writing out a receipt.

'How do I collect when he wins?' "I'll be around at the finish," he said. You can find me. If not, you've got my phone number on the ticker. Or I can just put it on your account." He laughed heartily, as if he knew something.

Moncassin finished 22d. International Herald Tribune

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#### Because someone else in the job might have been worse. His signature is on deportatioo orders for nearly

LETTERS TO THE EDITOR Israel and the UN

refuse?

Regarding "After Iraq Crists, U.S. Standing Takes Hit in Gulf" (Feb. 28): This article asserts that Israel is not demonstrably in violation of UN Security Council decrees." Nothing could be further from the

For example, UN Security Council Resolution 509 of 1982 'demands that Israel withdraw all its military forces forthwith and uncooditionally to the internationally recognized boundaries of Lebanon." The Israeli Army is still in Lebanon, frequently

calls on Israel to dismantle settlements in the occupied territories, including Jerusa-lem, and to cease the planning and construction of such settlements. Nearly two decades later, Israel is still building these illegal settlements. combined with the flexibility

These are just two of the more than 60 UN resolutions that Israel has violated. SAM HUSSEINL Washington.

**Another Scenario** 

"Paying for the Asia Bailout With Costly Trade Deficits" (Opinion, Feb. 25), appears to be off the mark in arguing that the Asian turmoil could result in higher American interest rates and a weaker dollar.

The Tiger nations oeed to replenish their dollar reserves to avoid a repetition of the recent financial collapse. These newly built reserves will then be invested primarily in U.S. Treasury bonds. At the same time, the U.S. govemment is starting to run a budget surplus that will reduce the supply of these bonds. This increasing demand and shrinking supply should result in higher prices,

lower interest rates. In addition, central banks in several Western countries are selling their noninterestproducing gold reserves to buy interest-bearing government bonds, primarily in dol-lars—another factor pushing long-term interest rates lower

in the United States Also, as long as nations around the world are building

Federal Reserve cootinues to control the money supply tightly to avoid inflation, the dollar is more likely to

strengthen than to weaken. One other point: If the United States is "a natioo that does oot save very much,' where is all the money coming from that keeps pushing stock market to new TIM KEESE.

Gerhard Schröder, the

quoted as saying, "We can

of the American labor market,

are exactly what have made it

possible to create millions of

jobs. U.S. workers have far

less job security and far fewer

social benefits than German

employees. So what, then,

does Mr. Schröder need to

Anyone seeing the front-

But wait. Only two days

'The Rival Who Makes Kohl

"courts comparisons with

JOHN PINSCHMIDT.

Stuttgart.

THOMAS ERNSING.

New York

earn a lot from the United

Rödermark, Germany. Germany's Leaders

Regarding "The Rival Who Makes Kohl Nervous" (Feb. premier of Lower Saxony, is

bombing civilians. Resolution 465 of 1980 States, which created so many oew jobs in the past few years, but we could never tolerate its social and economic inequal-

Stephen S. Roach, in

page article "Germany at a Crossroads" (Feb. 23) lost heart reading that "when Germans scan the horizon for a Tentonic Bill Clinton, say, or a German Tony Blair to invigorate a moribund political establishment, they find little inspiration. later, also on the front page, Nervous" comes to the res-cue: Gerhard Schröder U.S. President Bill Clinton and British Prime Minister which with bonds, means

Tony Blair." Mein Gon!

unsolicited manuscripts. their dollar reserves and the

# **CribTech**

# Formula One Team Revs Up the Computers to Speed Up Race Cars

By Brad Spurgeon International Herald Tribune

AGNY-COURS, France—In a sport where the technical reg-ulations change yearly and the cars develop almost daily, there is little mystery why technology has taken a front seat in the manufacture of race cars. "The difference between the big

teams and the average-sized ones is speed - to develop the car faster, communicate faster, make decisions faster," said Alain Prost, a four-time world drivers' champion who retired in 1993 and is oow the owner of his own Formula One team.

This mooth, Prost Grand Prix is moving from a 10-year-old factory here, 250 kilometers (155 miles) south of Paris, to a oew, state-of-the-art plant in Guyancourt, just outside the capital.

The move will enable the team to work with high-tech tools built for the needs of a 1998 car, such as computer-aided metal casting, blasting ovens to mold carbonfiber composites and computers to design, build and test all the parts. It will also provide faster communications with Prost's Paris-based high-tech partners, including Alcatel Alsthom and Dassault Systemes SA, and its engine maker, PSA Peugeot Citroen SA.

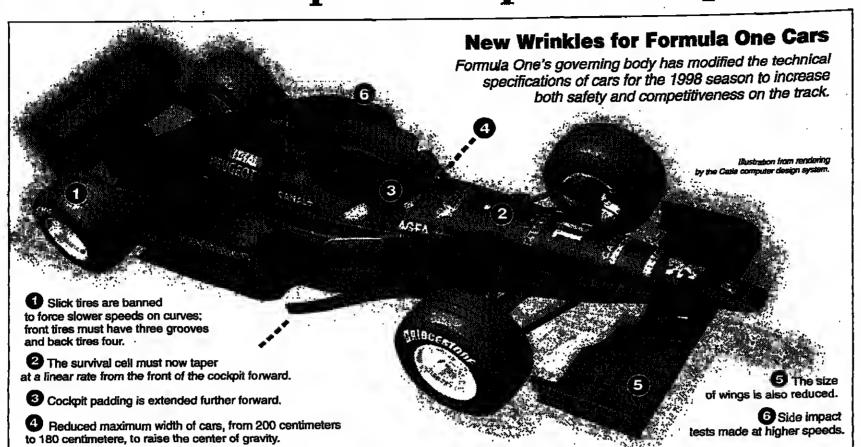
In Formula One racing, more than 20 cars battle out a sprint race on circuits averaging five kilometers in length and with varying conditions: straightaways, hairpin corners and wide bends, each of which makes a different demand on an engine and chassis.

The technningical challenge is enormous. The 11 teams of Formula One construct their owo cars to technical regulations devised by FIA, the Parisbased racing federation. The changes FIA is requiring for this season, which begins Sunday in Melbourne, have been called the most drastic in 15 years.

When engine technicians started usiog computers at the track in the 1980s, Mr. Prost said, "We looked at them like propeller heads. We had absolutely no confidence in them.

Today, computers save time in every aspect of designing, building and setting up a car's balance and mechanical configuration.

To counter criticism that most passing is done not on the track but during pit stops, FIA is banning slick tires this year. which should force cars to brake earlier at corners and thus facilitate passing,



Tires now must have grooves (three treads going all the way around the front tires and four for the back tires) to reduce their grip and force slower turns.

As slicks have been used since 1971. Goodyear Tire & Rubber Co., and Bridgestone Corp. face a huge technical challenge to redesign their racing tires - especially as the new rules stipulate that the grooves must still be present at the end of the race on all tires used.

Another way FIA plans to slow cars in corners is to decrease use of the aerodynamic effect, knowo in the industry as downforce, that presses the car down to the track and allows it to maintain speed in cornering. The maximum width of the car is being reduced to 180 centimeters from 200 centimeters, raising the center of gravity and limiting the size of wings attached to the vehicle.

Engineers have spent the winter seeking ways to attach oew kinds of wings and other aerodynamic aids to recover the estimated 15 percent loss in downforce. This work is done mostly in a team's wind minnel, not on the track. Some teams use the wind tunnels of research centers: others, like Prost, have their own.

To save time fulfilling the FIA rules, which cover every detail of a car, Prost turned to the design pro-gram Computer-Aided Three-Dimen-

sinnal Interactive Application, or Catia.

Developed hy Dassault Systemes, it was used for the first "virtually" designed airliner, Boeing Co.'s 777 jet. Several other airplane builders, as well as carmakers and developers of trains, including the TCV the French high. including the TGV, the Freoch highspeed train, use it oow. It is also used by many other Formula One teams, including Sauber, Ferrari and Arrows, and for the engines of Mercedes AG, Renault, Peugeot and Cosworth Engineering.

Other teams use design technology from such Dassault Systemes rivals as Computervision Corp. and SDRC Inc. Before any of the 3,000 parts of a

Formula One car is built, Catia enables the designer to create the car in three dimensions on a screen, fit it together, measure its weight and spot likely problems. The program also allows the designer to mole through the on-screen mock-up and see an image, interior or exterior, of any component.

Because of the efficiency of the software, a new loogitudinally mounted gearbox for the Prost car was made from scratch in less than four months last summer, rather than the eight mooths that Prost's head desigoer, Loic Bigois,

said it would have taken in the past. The creation of the oew factory has been overseen by Bernard Dudot, Prost's technical director and the engineer who built the Renault V-10 engine that has

won the last six Formula One constructors' titles. When Mr. Prost bought the team a year ago, its Magny-Cours factory housed a staff of 68 in 3,600 square meters (38,750 square feet). The Guyancourt factory has 7,300 square meters for what is now a 150-person work force.

International Herald Tribune

There will be 20 Catia workstations Guyancourt, compared with 10 here, all operating oo Sun Microsystems Inc. computers and servers. While Prost pays for the licenses to use the system, Dassault Systemes is also providing manpower and working closely with the team. Neither side would disclose the financial details of the partnership.

The factory will be linked through high-tech Integrated Services Digital Network, or ISDN, lines to the team at Grand Prix racetracks worldwide to allow engineers to use Alcatel's videoconferencing to troubleshoot.

It costs so much to test a car on the

track that most testing is done on team. designed computer programs.

esigned computer programs.

But the creation and application of technology is secondary to the main purpose of racing, Mr. Dudot said

said. "There's only one objective," he said. "There's only one objective," he said. "That is to win. If you win with high technology, you use high technology. If you win with wheelbarrows, we'll use wheelbarrows. Technology's not the objective."

ronically, one of the purposes of FIA's changing regulations is to prevent computers from taking over. Midseason last year, three years after high-tech driving aids were banned, McLaren-Mercedes created a computerized accelerator that the racing body approved before realizing that it could over rule a driver and thus reduce skidding.

Rather than allowing the driver to directly control the engine's throttle valves, the team's accelerator used an onboard computer to calculate how much torque could be used on the giver section of the track. It then limited the opening of the valve, making the best use of the available power of the engine

and helping to prevent skidding.

After the season, FIA banned the system, saying that it ran counter to the rules barring computer-aided driving.

"Instead of being a sport of men," said Francesco Longanesi, a spokesman, "in was becoming a sport of computer wizards. We're not against technology — far from it. But the technology must serve the man, and not the other way around."

Removing control from the driver not only destroys the sport side of things, he said, it also increases the risk of a driver's losing command of the car to a computer and having an accident. But FIA encourages use of technology

to develop the cars, and this has become so costly and highly perfected, Mr. Dudot said, that teams no longer build entire cars on their own. Instead, they subcontract certain parts, such as the carbon

brakes and, particularly, the engine.

If technology has killed jobs in some industries, in Formula One it has created metiers, Mr. Dudot said.

"We're seeing jobs here that didn't even exist five or 10 years ago — new computer-related jobs, electronic trans-mission, data processing, a very high level of metallurgy, and the creation of composite materials that are capable of absorbing enormous shocks," he said.

# High-Tech Firms Profit From Racetrack Innovations

ARIS — It is oot just the race car companies working on the car's development are using their experience in racing to develop their own commercial products:

 Dassault Systemes SA brought aeronautical know-how to the sport through its Catia design software and wants to transfer Formula One advances back to aeronautics, according to Jean-Marc Galea, the French company's manager for the Prost Grand Prix proj-

ect.
"Formula One constructs small, compact and very light composite parts that no one knows how to do in aero-nautical design," Mr. Galea said, referring to the molded carbon fibers in a race car's body. "The cockpit of a race car is very small and has a very complex shape. Even the nose is very pointed and made with composite materials. These kinds of parts doo't exist in aeronaut-

 Commercial car manufacturers. ARIS — It is oot just the race car according to Bernard Dudot, that benefits from Formula One's formerly director of Renault Sport, technological advancements. The panies working on the car's deprenent are using their experience in while the other is built to last a couple of hundred thousand kilometers.

But he said the knowledge the engineers acquire creating a racing engine in the highly competitive environment helps in resolving problems in the assembly lines for commercial engines.

For an engineer to have experiences that are so specific yet peripheral is extremely enriching, extremely strong," he said. "It adds a great deal of value to the knowledge translates into quality in the everyday

 Alcatel Alsthom provides the Prost team with the radio communication between the pits and the drivers, Olivier Panis and Jarno Trulli.



of a research department. And that Mr. Panis, left, and a technician at track.

Gilles Thevenet, Alcatel's manager for the Prost project, said the company had developed technology for the race team that can be transferred directly to a commercial product.

nicatioo in Formula One include, in additioo to the constraints of the car, the very lively electromagnetic fields at the track, with television signals, all the teams' radios and other cellular

For Prost, Alcatel started with a ooise-hlocking system it uses in an everyday car phooe that a driver does not have to hold, the Handsfree Digital Car Kit. The system digitally differentiates the sound frequencies of the voice, the engine and other sources of ooise, and then divides the components, canceling out all but the

"In testing it in the highly constrained, vihrating and loud environment of the Formula One car," Mr. Thevenet said, "we figured out certain anomalies that we found in the everyday car but couldn't under-

Alcatel will use those findings in a future version of the car phone, he said. — BRAD SPURGEON

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# INTERNATIONAL

# Fred Friendly, 82, Dies; **Champion of TV News**

By Eric Pace New York Times Service

NEW YORK - Fred Friendly, the former CBS News executive and journalism professor who was an influential figure in the growth and evolution of news coverage on television, died in New York City on Tuesday after a series of strokes. He was 82 years old.

As a CBS News producer working with Edward R. Murrow, Mr. Friendly pioneered news-documentary techyears. And as president of CBS News from 1964 to 1966, he clashed with other executives in his efforts to get more news on the air.

His often-caustic criticisms of what he contended was the television net-works' lack of commitment to quality news coverage continued down through the years.

- As a professor at Columbia University and a writer on television affairs later, he argued in favor of fairness and integrity in electronic news coverage. As broadcast consultant to the Ford Foundation on television, he strove to improve news coverage hy public-televi-

Mr. Friendly's television produccions. and his own professional life, were full of strife and action

He was a tall man with a strong jaw and a high-keyed purposeful air about him, which, the poet Carl Sandburg said, made him "look as if he had just got off a foam-flecked horse.

His manner — his restless intellect, curiosity, and desire to stimulate debate
— made it difficult for Mr. Friendly not to dominate almost any gathering. His wife, Rnth, described that force of personality some years ago when, speaking at a ceremony where Mr. Friendly and she were receiving another of their many awards, she said, "We all come under

Fred's gravitational pull."

Don Hewitt, the loogtime executive producer of the CBS television news program "60 Minutes," said, "Fred Friendly and Ed Murrow's 'See It Now' was the lodestar we all steered by. What I learned from Fred and then made the your ear more than your eye that keeps out Microsoft's operating system you at the televisioo set, that if you pay attention to the words, and your editors are as good as Friendly's were, the pic-

tures will follow on naturally."

Mr. Friendly's final battle as a commercial television executive came, as be saw it, over the issue of CBS's responsibility to carry live telecasts of important government proceedings. The

showdown came in February 1966, when one of his superiors decided that the network should broadcast a rerun of a Lucille Ball comedy program instead of live coverage of a key Senate committee hearing on Vietnam.

"It was not a matter of deciding between two broadcasts," Mr. Friendly wrote later, "but a choice between interrupting the morning run of the profit machine — whose only admitted function was to purvey six one-minute commercials every half-hour - or electing niques in commercial television's early to make the audience privy to an event of overriding importance taking place in a Senate hearing room at that very mo-

> Mr. Friendly wrote a memo to his superior, John Schneider, a CBS group vice president, arguing that broadcasting the hearings, at which George Kennan. the expert on Soviet and Communist affairs, was to testify, was "a matter of conscience for this company, a public service in the most basic sense.

> Bnt, as Mr. Friendly reported in his 1967 book, "Due to Circumstances Beond Our Control," Mr. Schneider told him the hearings would not be broadcast, 'and said that housewives weren't much interested in Vietnam.

> It was as a partner of Mr. Murrow, the CBS star correspondent and commen-tator who died in 1965, that Mr. Friendly



Fred Friendly, former CBS News president, who often criticized what he said was the TV networks' lack of commitment to quality news coverage.

proposed making an album of recordings of world leaders and other newsworthy people speaking in the recent

Mr. Murrow liked the idea and col-

achieved national inflnence and fame. He was a little-known radio executive in 1948 when he met Mr. Murrow and released at Thanksgiving 1949 and was a huge success.

In the years that followed, the two men worked together on "Hear It Now," a CBS radio program, and on "See It Now," its television sequel.

# GATES: America's 'Icon of Technology' Takes Capital by Storm

#### Continued from Page 1

of business," said James Barksdale, the president and chief execuove of Net-scape Communications Corp., Microsoft's chief critic and its largest com-

petitor oo the Internet landscape.
"How many of you use PCs?" Mr.
Barksdale said, asking the spectators to raise their hands. About three-quarters of the room did. "Now how many of you have a computer with Internet Explorer?" he asked, referring to Microsoft's product. Almost the same oumber of hands flew up again.

He said the fact that hardly anyone in trademark of '60 Minutes' was that it's the room used a personal computer withdemonstrated "that is a mooopoly.

In another kind of gotcha, Mr. Hatch and Senator Mike DeWine, Republican of Ohio, conducted their own expeditions. They had their staffs call up sales representatives for Dell Computer Corp. In each case, representatives gave the im-pression they could not offer Netscape. "I'm not quite sure," Mr. DeWine

On Thursday, April 30, 1998,

to mark the 50th anniversary of the independence of the State of Israel, the International Herald Tribune

will publish a Special Report on

ISRAEL at 50

Y THE TIME people or nations reach the age of 50, there is usually a

sense of certainty about them; they have an image of themselves as

mature, established, maybe even comfortable. But Israel is very much

still a work in progress; a country of extraordinary achievements and

unresolved problems; a tiny country that has nevertheless held the world's cen-

guished group of journalists, historians and politicians.

Glenn Frankel, the Pulitzer-Prize winning Washington Post correspondent and author of "Beyond the Promised Land," will provide an overview assessment

of how much progress Israel has made in resolving the internal contradictions and

history "The Seventh Million," will scan the record of these past 50 years, examining the creation and evolution of the country's identity, the role of Zionism, the conflicts and quests for peace with the Arabs within and outside Israel's borders.

Josef Joffe, the columnist and Editorial Page Editor of the Suddeutsche Zeitung, and John Goshko, the United Nations correspondent of The Washington Post, will

take a look at two of Israel's closest and most interesting relationships; one with

the regional balance of power in the Middle East and how that might shape Israel's

of the Al-Quds University in East Jerusalem, will write about life today and hopes

from low-tech to high-technology center, looking at the state of its high-tech

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Germany and the other with America's Jewish community.

To take the measure of Israel as it turns 50, the IHT has assembled a distin-

ter stage for all of its turbulent childhood, adolescence and now adulthood.

quoted one representative as saying, "it has something to do with Microsoft." Senator Herb Kohl, Democrat of Wisconsin, asked why Microsoft's percentage of sales to profits was so much higher than those of husinesses in other industries. His oot-so-subtle suggestion was that Mr. Gates was a monopolist looking to safeguard his treasure chest.

But it was Mr. Hatch, whose state is home to another Microsoft competitor, Novell Inc., who demanded a "yes" or 'oo' from Mr. Gates on his company's interference with Netscape's ability to promote or market itself.

You are oot giving me an answer," Mr. Hatch said bluotly. In the end, Mr. Gates delivered a nuanced answer that did not fully satisfy the senator.

Relieved, Mr. Gates walked up to a cluster of microphones and delivered a few final words to reporters, oo more stions allowed.

"I enjoyed this opportunity," he said. Then he left, walking into a crowd of cheering high-school students who spied him on his way out.

#### **■** Competition Thrives?

Steven Pearlstein and Elizabeth Corcoran of The Washington Post reported:
The hearing before the Senate Indiciary Committee highlighted the para-dox of the software industry: Although Microsoft dominates the market for PC software - and may have a monopoly over a corner of it — prices are falling, innovation is brisk and there are legions

of freshly minted millionaires.

To hear it from Mr. Gates, the fears about the evils of monopoly simply do not apply in the new knowledge-based economy, where "no company owns the factory for ideas."

Mr. Gates described his own success as model for those who would topple him from industry leadership. Just as he challenged International Business Machines Corp.'s dominance of the computer industry when he was a 19-year-old college student with a new set of software codes. Microsoft's competitors can break its grip oo the industry if they deliver better products and lower prices, he said.

# HARASS: Court Clarifies Sex Abuse Law

#### Continued from Page 1

Steven Shapiro of the American Civil Liberties Union agreed: "It clearly states that no one should have to suffer sexual harassment when going to work in the morning and it shouldn't matter if you are a man or woman, gay or straight."

Some employer groups also praised among lower courts over who can sue for discrimination in the workplace.

Ann Elizabeth Reesman, general counsel for the Equal Employment Advisory Council, observed that the court also made it clear that all conduct of a sexual nature was not necessarily going to violate Title VII, but only conduct that was because of sex and rose to the level of severity or pervasiveness that changes the conditions of employment.

#### ■ Rape Threat Alleged

The man who filed suit, Joseph Oncale, a Louisiana oil rig worker em-ployed in 1991 by Sundowner Offshore Services Inc., alleged that he was sexually assaulted, battered, touched and threatened with rape by his direct supervisor and another supervisor. Reuters

reported.
The lawsuit was dismissed on appeal. but the Supreme Court ruling Wednes-

day reinstated it. Justice Scalia wrote that Title VII chibits discrimination because of sex in the "terms" or "conditions" of employment. He said that the law prohibiting harassment oo the basis of sex requires "neither asexuality nor androgyny in the workplace; it forbids only behavior so objectively offensive as to alter the 'conditions' of the victims' employment.

Justice Scalia emphasized, however, that in same-sex claims, like other harassment cases, there must be careful consideration of the social cootext in which particular behavior occurs and

how it is viewed by the target.
"A professional football player's working environment is not severely or pervasively abusive, for example, if the coach smacks him on the buttocks as he heads onto the field - even if the same behavior would reasonably be experienced as abusive by the coach's secretary, male or female, back at the office."

Justice Scalia said the real impact of behavior often depends on a "constellation of surrounding circumstances, expectations, and relationships that cannot be captured by a simple recitation of the words used or the physical acts per-

He said courts would use "common sense" and "appropriate sensitivity" to distinguish between "simple teasing or roughhousing among members of the

cale lawsuit alleged that a co-worker assisted in one of three attacks by physically restraining him and that the supervisors made sexually harassing remarks.

One supervisor allegedly told Mr. On-cale, "I'm going to get you. You're going to give it to me."

Mr. Oncale said he twice reported the simuation to his employer's highest-rankthe decision, which cleared up a conflict ing representative on the job site but that oo actioo was taken to halt or punish it He then quit. The company, the two supervisors and the co-worker all denied that any harassment took place.

## INDIA: Nationalists Backed

Continued from Page 1

In Indian politics, the word secular denotes opposition to politics based on ethnic or religious bias, a charge that opponents have always leveled against

the Bharatiya Janata Party.

A further 21 seats were won by an array of splinter parties and independent candidates, and 8 seats are to be filled later, 6 by elections that are not yet completed and 2 on the nomination of the new government.

But in the rapid political maneuvering that has developed in the aftermath of the results, the focus fell on several regional groups that entered the election as "poil allies" of one of the three main power hlocs, only to find that the inconclusive result left each of them with the potential to make or break the new government.

Among these groups, the principal player Wednesday appeared to be a group of 12 newly elected legislators belonging to a regional party in Andhra: Pradesh, a southern state of 70 million

This group, the Telegu Desam Party, was aligned in the election with the United Front, an alliance of 13 regional. and leftist parties that formed a minority government in New Delhi from the last election in May 1996 until it collapsed in December.

But after two meetings of the party's polithuro in Hyderabad, the Andhua Pradesh capital, the party appeared to be mulling a switch from the United Front to the Bharatiya Janata Party alliance, a move that many Indian politicians said would probably make a BIP government inevitable. inevitable.

The suspense was set to continue for at least another day, however, after the Telugu Desam leader, Chandrababu Naidu, who is chief minister of Andhra Pradesh, announced that he would fly to New Delhi on Thursday for consultasame sex" or behavior that could be tions with other United Front leaders viewed by a reasonable person to be before deciding whether to stick with the "severely hostile or abusive." The On-front or jump to the nationalists.

# MILAN FASHION

# Cool Take on Borrowed Plumes

By Suzy Menkes

ILAN — The enchanted garcious greenery, ums of flowers and spiky - seemed familiar. So did the way the models clasped their coats in a lover's embrace as they circled the audience and posed for

photographers. But whatever seed of inspiration Dolce & Gabbana took from John Galliano's ground-breaking shows for Dior, they cultivated it as their own.

In fact, Wednesday's show, held in a tent in the garden of their Milan premises, was an object lesson (Dior take note) in how to make romantic brocades, cut velvet and work-of-art pieces seem modern by transforming them with technology from rigid period pieces.
"I wanted to use the past

but project into the future," said Stefano Gabbana of the quicksilver stretch skirts, wom under flower-painted tulle or satin kimono coats decorated with wisteria and

The designer said that the floral handwork was done at Lake Como and inspired by botanical gardens in his native Palermo, Sicily. Other details included flowers on sturdy high-heel shoes and strappy sandals trimmed, like the garden's

had brash baroque-goes-rock prints usu-ally associated with Gianni Versace. Doice & Gabbana didn't move far

from their signature body-hugging silhouette and favorite corsets. In fact some of the show was familiar and all of it repetitive. But because the collection was almost entirely in stretch fabrics, from the skinny, black tailored coats and over-the-knee dresses through those mercury-mirrored materials and elasticized plastics, it had a sexy spin. And the mix of sleek, modern technology with pretty, traditional handcraft gave

fashion can go on feeding off itself, and why ready-to-wear shows, which are supposed to feature-off-the-rack styles, are increasingly image-making vehicles of limited-edition clothes.

Sportswear and knits taken to the height of luxury and sophistication was the message at Ferragamo, where Dee Dee Bridgewater sang live on stage to



Dolce & Gabbana's painted coat and silver stretch skirt.

pond, with seashells. A couple of outfits the parade of felted fabrics cut into wide shapes, or jackets as zippered track tops. The sports theme was carried through to evening, making the cardigan, reduced

to a tiny bolero, the ultimate evening

jacket and the sloppy sweater a partner to

Also in the mix: wool printed to look like summer ermine, and flannel tailored as evening dresses. Side-split caftan dresses worn with felted cashinere coats seemed more for image-making than the real world, but they showed off Ferragamo's vertiginous, yet graceful,

high-heel shoes. In its mission to turn itself from a But the borrowed plumes of haute fabric to a fashion house, Etro has countre raise the question of how long mastered coats. Out they swept, all long and slim, in inventive fabrics, worn with funky flat shoes or carpet slippers. For the rest, the collection of sloppy satin shorts, indeterminate pants and slip dresses still looks like a first-year dressmaking class let loose in a material world. The ebullience, energy and witty

toolbox purses just carried the show. Romeo Gigli was fashion's poet in the

power-shouldered 1980s, showing lily-pale models with Botticelli curls and bordeaux and old gold. Anyone who remembers those rich fabrics and frastunned by Gigli's fall show of short sharp, zippered coats in somber shades worn over thighhigh skirts. Not to mention turquoise Frida Kahlo eyebrows, ice-cream cornet tucked into boots. Was it a wanna-be witty take on 1980s style — Gigli does Claude Montana? Softer coats with stained-glass squares or silver trails on

filmy fabric were a faint echo of Gigh's former Moschino was another house that did not seem true to itself. The bright soccer-ball purse with the first (black) outfit was the last splash of any color but hlack, gray, white and sil-ver. Why a monochrome collection when Moschino's image is npbeat and fashion is trying to dump black? There were some new, sportier shapes like track jackets, pantsuits with biker shorts and jogging pants with cargo pockets (inexplicably drawn up as knickers) Long culotte pants were even elegant. But a few jagged asymmetric hems and graffiti letters announ

cing "dreams" or "de sire" did little to lift the sober show. Lawrence Steele hasn't found a sig-nature style, but he caught a 1990s mod-ernity with his fluid skirts in satin and panne velvet below cinched waists.
Worn with fluffy jackets, sheer cardigans and fur tippets, the clothes had the contrasting textures that are the basic

ingredients of current style. When Santo Versace, the late designer's brother and company head, was spotted at the Ruffo-Research show of luxurious leather pieces by Antonio Berrardi, it fueled the rumor that the box British designer was about to be signed up. Wouldn't his skinny suede cropped pantsuits and side-split leather dresses. with tiny buttons be just right for a

Versace runway? "Why do we need him? We have Donatella!" Versace replied. He added that reports that the company would go public were inaccurate: There would be no considering a flotation until after the inheritance is settled, which would be two years from Glanni Versace's death in July 1997.

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# **BUSINESS/FINANCE**

THURSDAY, MARCH 5, 1998

**PAGE 13** 



# Asian Stocks Reel on Reports IMF Aid to Indonesia Is Imperiled

By Thomas Fuller International Herald Tribuna

JAKARTA - Stocks and currencies fell across Southeast Asia on Wednesday as it became clear that the International Monetary Fund would probably delay billions of dollars in international aid to Indonesia.

Adding to a chorus of warnings from Washington, officials at the IMF were quoted as saying that the \$3 billion due to be approved for Indonesia by March 15 would probably be suspended until Jakarta fullowed through nn promises to institute economic reforms and austerity measures.

Troubling news in both Singapore and Malaysia further eroded the confidence of investors. Malaysian shares fell 4 percent after an announcement by the government that two of the country's most prominent banks would need outside help. The Malaysian central bank reported Tuesday that Bank Burniputra Bhd. and Sime Bank Bhd. needed capital injections.

In Singapore, three banks issued earnings reports that were worse than expected, mainly due to the banks' exposure to the seven-month eco-nomic crisis. Tat Lee Bank Ltd., Singapore's sixth largest, posted a surprise loss for 1997 of 38.8 million Singapore dollars (\$23.7 million).

Overall, Singapore stocks dropped 1.34 percent, Taiwan stocks fell 2.54 percent, Thailand finished 2.13 percent lower and Philippine shares dropped 1.75 percent.

The Indonesian rupiah fell 5.5 percent, to 9,525 to the dollar, and shares on the Jakarta exchange fell 3 percent as President Suharto faced louder calls at home and abroad to reform his nation's

political process as well as the economy. "People are looking for a clear signal" from

Indonesia, said Anwar Nasution, dean of the faculty of Economics at the University of In-donesia. "But Mr. Suharto keeps on sending mixed signals.'

"The only solution is to implement the IMF program," Mr. Anwar added. U.S. and European nfficials agree. They have

Several Japan banks plan to downsize to qualify for government aid. Page 17.

been increasingly vocal in recent days. In Washington, where Congress is weighing approval of \$12 billion in additional funds for the IMF, Treasury Secretary Robert Rubin and his deputy, Lawrence Summers, suggested that approval of the next tranche of IMF aid might not be approved if reforms did not accelerate.

[There were signs, however, that the increased funding for the IMF itself might be moving ahead, Reuters reported from Washington, where the House of Representatives' Banking Committee was said to be close to a compromise.

Most House Democrats will support President Bill Clinton's request for the \$18 billion in increased funding, predicted Dick Gephardt, the Democratic leader. Page 14]
On Tuesday, Mr. Rubin called Indonesia "a

very troubling and complicated situation" and

Mr. Summers said, "Support can't flow unless they're doing the right things."

The right thing for Indonesia these days, these officials say, is full implementation of the IMF program — a 50-point agreement signed in January by Mr. Subarto and the managing director of the IMF, Micbel Camdessus.

Washington's special envoy to Indonesia,

Mr. Suharto on Tuesday in Jakarta and called for 'full, demonstrable and visible implementation of the IMF reforms.

#### Thousands of Students Protest

Thousands of students protested peacefully against the Indonesian government Wednesday in one of the largest shows of discontent since the beginning of the economic crisis, The Associated Press reported.

Demonstrators at several university campuses oo Java and Sulawesi islands urged an end in President Suharto's long rule.

In Jakarta, meanwhile, delegates to a special assembly gathered to extend Mr. Suharto's tenure. The People's Consultative Assembly, dominated by Mr. Suharto's supporters, is virtually certain to give him a seventh five-year term next week.

# Zhu Faces **Economic** Challenge

Investors Wonder How Far China Will Push Reform

By Philip Segal International Herald Tribune

HONG KONG - By now, every investor in China knows that Deputy Prime Minister Zhu Rongji, the economic reformer, will be named prime minister this week. What they do not know is the depth of the economic and financial problems that Mr. Zhu will inherit

More specifically, as China's Nation-'al People's Congress opens on Thursday, those who invest in China and lend it money will be wondering just bow Mr. Zhu will seek to modernize the economy while avoiding mass unrest.

· · · · · · · · · ·

The new prime minister, 70, needs to recapitalize China's insolvent banks and make the country's loss-making state industries profitable, but, like everyone else in the Communist Party, be fears the kinds of demonstrations against unemployment that are routine in Western countries, but anathema to the authorities in mainland China.

If there is a lesson China has taken from the Asian financial crisis, it is that a solid banking system goes hand in hand with sustainable economic growth and continued access to foreign funds, state-owned banks on to a commercial footing, instead of forcing them to lend money to state industries that will never pay the loans back.
"Although you as a foreign banker

don't mind doing business with the Chinese government, increasingly you want to do business with a bank that's viable," said a credit analyst in Hong

Foreign investors and lenders are theering for Mr. Zhu, but are struggling with basic questions about China, including: how big the debt problem is; whether sales of state assets will return to the pace seen last year, and how long the currency can stay at its current fixed

The level of nonperforming loans in China is "anybody's guess," said Lynn nlate the economy this year by printing money, and that is likely to put down-

million workers in 1998.

twice in almost five decades.

Cross Rates

The unions also declined to exercise

their option to call an independent me-

diator to break the deadlock in the dis-

pote. The government must now decide whether it wants to exercise this right,

which might help avert a strike. German

state workers have gone on strike only



A pedicab driver doing his morning exercises on a roadside in Beijing.

Lyncb in Hong Kong, who added that she believed a figure of 35 percent was not unreasonable. That is far higher than the official estimate of 20 percent, but the guesswork comes because no one is certain bow much money the banks are owed by state-owned industries in China, which often measure success by quantity of output instead of profit.

The problem the Chinese leadership has in turning off the money tap to lossmaking industries is that such a move could trigger mass unemployment, especially because in some regions of China, nonperforming loans are thought to be worth as much as 60 percent of all

As important as financial reform is. "stability is the main concern," said Maurien Yau, a China equities analyst at Bear Steams in Hong Kong. She noted a Kong Economic Times, which said that Mr. Zhu had "requested all representatives" to the congress to keep unemployed demonstrators off the streets of Beijing during the meeting. Given that inflation in China bas been

all but wiped out and debts are unserviceable, it might seem obvious that Mr. Zhu would favor a reduction in interest rates. But with exports and foreign investment expected to slow this year, and a black market exchange rate for the yuan now more than 2 percent below the official rate, there is a chance that too great an interest rate cut could destabilize not only China's currency, the yuan, but the Hong Kong dollar,

China's authorities will try to stim-

ward pressure on the yuan in 1999, said David Roche, analyst at Independent Strategy in London, who said the cur-

rency could fall by 25 percent.
Also watching Mr. Zhu keenly are equity investors. After mainland gov-ernment-backed shares in Hong Kong tumbled last October along with the rest of the region's markets, they staged a brief recovery last week on hopes the congress would accelerate the sale of government assets to Chinese companies listed on the Hong Kong stock

The Hang Seng China-Affiliated Corporations Index, which tracks socalled red chips, or sbares in China-backed companies incorporated and listed in Hong Kong, rose by 14 percent last week, on hopes of an interest rate cut and an increase in the amount of assets sold to red ch fell 1.3 percent Wednesday, though, as investors concluded that "things may not be that easy" to accomplish, said Ms. Yau.

That is because Mr. Zhu and his team are struggling over how to reform the country's industries. China's former model for growth was South Korea, and Chinese officials had openly admired the high-octane growth of that country's conglomerates, the chaebol, until South Korean companies and banks began to collapse under a mountain of debt last

Ms. Exton at Merrill Lynch said the level of nonperforming loans in China could balloon as companies adopted "a more Western type of accounting that really focuses on true profit and loss of the companies instead of measuring

# BHP's Chief Resigns Under Pressure

Promise of Change at Troubled Mining Company Sends Shares Up 8%

MELBOURNE - The chief executive of Australia's corporate flagship, Broken Hill Proprietary Co., gave in Wednesday to demands that he resign, sending the troubled mining company's

stock up g percent A wave of buying greeted news that John Prescott, the managing director, would leave the steel, mining and oil group, lifting BHP's shares to 15.51 Australian dollars (\$22.80), up 1.17 dollars.

"The market suspected for a long time that it might bappen, I just think they're surprised that it did happen," said Michael Heffernan, a client adviser

at the brokerage Dicksons. Mr. Prescott, 57, who will stay until a successor is found, had come under pressure from investors after two years of weak profits, a major project cost blowout and management turmoil.

We have reached a crossroads where John has come to the view that a fresh mind would be belpful, "the BHP chairman, Jerry Ellis, said.

Mr. Prescoti said he believed the company would be better off with a new face at the helm, although he regretted having to leave during a crisis.

"With great personal anguisb, I have reached the view that the company may be better served if a new person was to set the future course for BHP, beyond the successful implementation of current initiatives." he said.



John Prescott, who headed Broken Hill for the past seven years.

The resignation capped a tumultuous 12 months for the diversified mining company, which has suffered the indignity of slipping behind Rupert Murdoch's News Corp. and National Australia Bank in market capitalization.

Once known as the "Big Australian," BHP saw public sentiment turn

after it closed down its historic steelworks at Newcastle, once a thriving company town. It has also been wounded by high-

profile firings, disastrous acquisitions and a perception that its corporate cul-ture was old-fashioned and overly bisreaucratic.

Mr. Prescott, who has spent his entire career at BHP, was closely identified with that culture and repeatedly had to fend off attacks on his leadership from shareholders and the media.

Mr. Ellis said an international search would begin immediately for a new managing director and that the board had also resolved to accelerate a program of cost-cutting and asset sales.

"This strategy is a reconfirmation of the previous one with some additional impetus to increase its urgency," He

BHP has said that as much as 10 percent of its 37 billion dollars in assets are performing poorly and that 4 billion dollars of asset sales are possible. Faced with falling commodity prices,

it has also begun a cost-cutting drive. BHP is the world's second-largest producer of copper, but the copper price is near 10-year lows and the company's recently acquired American mines are struggling to curb costs.

BHP's biggest earner, the petroleum division, now faces sharply weaker oil prices as well.

New York Times Service

NEW YORK - Overall, 1998 is shaping up as the most bectic mergers-and-acquisition season on record, and the momentum seems unstoppable.

Through Feb. 26, 1,444 domestic transactions valued at \$138.5 billion have been announced, according to the Securities Data Co., surpassing the previous record of 1,548 deals worth \$128 billion in the same period of

Volume for all of 1997 set a record for the fourth

"The merger train is still on track and gaining speed," Richard Peterson, a Securities Data spokesman, said. Gary Parr, co-head of Morgan Stanley's global mer-gers-and-acquisitions, said, "We're busier than we've ever been, and it doesn't look like it will slow down."

So far this year, the financial-services industry including banks, investment firms and insurance companies — is leading the merger pack with 119 announced bids worth \$24.9 billion, according in Securities Data Co. of Newark, New Jersey.

Telecommunications companies are not far behind, with 31 proposed transactions valued at \$23.5 billion followed by the business-services sector, where an \$8.4 billion hostile bid by Computer Associates for Computer

Sciences Corp. drove the total up to \$13.5 billion.
Similarly, Halliburton Co.'s agreement last week to
buy Dresser Industries for \$7.7 billion skewed the data for the machinery industry, thrusting it in No. 4, even though machinery is not expected to be bot this year.

Amid the continuing merger boom, insurance is just one of several areas that are expected to be especially active, with the forces driving consolidation varying by

Pharmaceutical companies, for example, are scrambling to find partners in help underwrite the buge cost of developing the next blockbuster drug and marketing their products to five continents.

Utility companies and banks, by contrast, want to grow to meet the challenges of deregulation.

Last year, 45 percent of the \$1.58 trillion of worldwide

mergers and acquisitions were outside North America, according to J. P. Morgan & Co.

This year, Europe is expected to be even livelier, in part because of the privatization of government-owned con-cerns and the deregulation of telecommunications and financial institutions. Recently, for example, Allianz AG, a German insurer,

announced a bid to acquire Assurances Generales de France, a French rival, for more than \$10 billion. If completed, it would be the largest-ever foreign

takeover of a French company.

Once the smoke from Asia's financial crisis starts to clear, two trends are likely to emerge. Already, cash-poor Asian companies are seeking buy-

ers for subsidiaries to raise money quickly. U.S. companies that want a presence in Japan or South Korea will finally be able to buy it. "For the first time, you can afford to raid a Korean

company," said Steven Kocb, a co-head of the mergers group at Credit Suisse First Boston. "Two months ago, you couldn't do that." In the United States, investors can expect consolidation in the financial sector to lead the merger wave.

Yon have a blurring of the lines between banks. insurance companies, securities firms and other financial services," said Ken Wilson, bead of the financial-institutions group at Lazard Freres.

# The Urge to Merge | Fraud Prompts And Buy Picks Up | CompuServe to A Fast Pace in '98 | Log Out of Russia

By Peter S. Green International Herald Tribune

PRAGUE - The Amerand cut off Bulgaria, too.

Too many backers have pirated, costing corporate logged in on false accounts or members of the association 7 with falsified or stolen credit billion koruny (\$207 million) card numbers, the company and up to 80 percent of their said, racking up massive sales annually. charges on the services that States and Western Europe.

CompuServe, said the fraud bad reached 'intolerable' 1997 because of fraud.

the network and communica- rated software. tion access charges, and no one on the other end to pay those charges," said a spokesman, Ricb D'Amato.

He said the cancellation would affect about 500 subscribers, but he declined to say bow much the frand had cost CompuServe.

from those countries through cow. local Internet service pro-viders. That will probably be sbortfall of taxes and other less expensive than dialing CompuServe access num-bers. In Bulgaria, Russia and back pensions and wages to scores of other countries millions of retirees and state where CompuServe does not workers across the country. have its own host computers, the company charges access local firms.

AOL was charging sub-scribers in Russia \$34 an hour to link up before it un-the arrears. plngged.

In December, Russia countries, much computer June. fraud is not classified as criminal. And such cross-border to deliver on Mr. Yeltsin's fraud as the CompuServe promise in July, stretching its case is often not covered by resources to the limit. extradition treaties.

Eastern Europe.

Zdenek Weig, the group's representative in Prague, asserted that more than 99 percent of the software used in ican on-line service, Compu- Russia is pirated. In the Czech Serve, has said nyet to Russia Republic, he said, 62 percent to 70 percent of software is

"The biggest pirates are connect users in those countries in CompuServe's host stitutions," Mr. Weig said computers in the United They often buy one or two pieces of a software program. A spokesman for America then illegally copy it onin the Online Inc., which owns rest of their computers, he said. The Czech authorities, he added, are reluctant to go levels. AOL cut off its own after software pirates, and access to Russia in January even the Ministry of Instice has refused his group's offer "The fraud was the use of to audit its computers for pi-

#### ■ Soros to the Rescue The American financier

George Soros said Wednesday that be lest the Russian government "several bundred million dollars" last summer to belp it meet a cost CompuServe. deadline for paying overdue Subscribers will still be pensions, The Associated able to reach CompuServe Press reported from Mos-

revenues, the government owed many months' worth of

"They were stuck," Mr. Soros said. He said the loan fees ranging from \$10 to \$1g was to bridge a one-week an bour to connect through period between the receipt of a bond issue and the July 1,

Banks managing the issne may not have been aware of agreed with the Group of Sev- the severity of the nation's en industrialized nations to cash crisis at the time, Mr. cooperate in fighting computer crime. But in many billion in 10-year bonds last

The government managed

Mr. Soros said he gained The Business Software As- "a very favorable" interest sociation says software pir- rate on the loan, but refused to acy is rampant in Central and elaborate further on the trans-

Unions Reject Bonn's Offer in Salary Talks

offer "unacceptable" and "deeply disappointing." The offer falls short of union demands and barely matches the STUTTGART — Declaring that falks had failed, German public-sector January inflation rate of 1.3 percent. workers' unions oo Wednesday rejected "It's not an offer. It's a wish list." said a 1.4 percent wage-increase offer for 3.2

Harald Reuner, an OeTV spokesman. The German government is trying to keep a lid on public salaries and bold down spending so it can continue to meet the requirements for European monetary union. But a strike by the union could paralyze public services such as local train service and damage

the German economy. Mr. Mai said his members were pre-

ment's plan to cut sick pay, its wageincrease offer, and its position on union demands for East German public employees' pay to be raised to western

The 1.7-million member OeTV public-sector and transport workers' union and the DAG white-collar workers' union, which has 500,000 members, demanded a 4.5 percent wage increase. The government's proposed wage package consists of a 1.4 percent wage increase in 1998, rising to 1.8 percent in 1999. The government did not make an offer to increase eastern wages, which are at 85 percent of western pay.

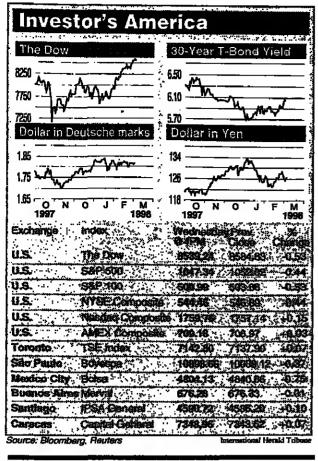
#### Herbert Mai, a spokesman for Gerpared to strike to secure jobs. many's OeTV public-sector workers Union negotiators had requested clatmion, called the government's initial

**CURRENCY & INTEREST RATES** 

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#### THE AMERICAS



#### Very briefly:

• General Electric Co.'s GE Capital Services agreed to sell its commercial data center's outsourcing business to International Business Machine Corp.'s IBM Global Services subsidiary for an undisclosed sum. • First Union Corp. will boy Money Store Inc. for \$2.1

billion in stock and will require the home-equity lender to use accounting standards that are more conservative and potentially less profitable.

 Mark Whitacre, a former executive at Archer Daniels Midland Co., was sentenced to nine years in prison for defrauding the agribusiness company of more than \$9 million. Brazil's unemployment rate rose sharply in January, to 7.25

percent from 4.84 percent in December, fueling fears the economy is slipping inm a slump. The January rate was the highest for the month since 1985.

 General Motors Corp.'s U.S. sales of cars and light trucks fell 7.1 percent in February, while Ford Motor Co.'s sales rose 0.6 percent in the month. Budget Group Inc., a car and truck rental company, agreed

to acquire Ryder TRS Inc., a truck rental firm, from an investment group led by Questor Partners Fund LP for \$265

# **IMF Frees Thailand Installment**

Bloomberg News WASHINGTON - The International Monetary Fund said

Wednesday that Thailand was complying with IMF-mandated economic reforms and could receive the next installment of its international economic bailout package.

The new loan installment, for \$270 million, is the third approved by the IMF. The Fund agreed in August to lend Thailand a total of \$3.9 billion, part of a \$17 billion international rescue package negotiated after Thailand's currency collapsed in August.

# Dollar Firms After Remarks By Greenspan

NEW YORK - The dollar rose against the Deutsche mark and the en Wednesday amid expectations U.S. economic growth would out-

pace Germany's and Japan's. Confidence in the dollar gained as the Federal Reserve chairman, Alan Greenspan, offered an upbeat assessment of the economy and as traders speculated that a report due Friday will show the U.S. unemployment rate last month fell back to an 18-year low.

In contrast, a German government report Thursday is expected to

#### FOREIGN EXCHANGE

put the February jobless rate near a

postwar high.

"It's clear the U.S. growth pace is outstripping that of Germany and Japan," said Bob Lynch, a currency strategist at Paribas Corp. "That provides underlying support for the dollar." He expects the dollar to climb to 130 yen by the end of the

The dollar was quoted at 4 P.M. at 1.8185 DM, up from 1.8104 DM Tuesday. It rose in 126.67 yen from 126.34 yen. In other trading, the dollar strengthened to 6.102 French francs, from 6.070. It also rose to 1.4802 Swiss francs from 1.4687. The pound eased to \$1.6477 from

Expectations for a gloomy German jobs report deepened after the German news service DPA reported that 4.82 million people were jobless in February, near the January level, citing "sources close to the Federal Labor Office." Such reports in the past have proved ac-

The U.S. data on Friday are expected to show that the economy is generating jobs at a healthy pace.

'Domestic demand retained some of its considerable momentum going into this year,' Mr. Greenspan said in remarks to the House Budget Committee. 'The economy looks like it's just started its recovery in many re-

Still, he warned that the impact of slowing Asian economies on U.S. growth remains to be seen.

In Japan, speculation the government will take action to boost its economy underpinned the yen. The deputy finance minister for international affairs, Eisuke Sakakibara, responded to criticism that Japan bas not done enough to shore up faltering neighboring economies.

# **Encryption Backers Fight Federal Curbs**

By Elizabeth Corcoran Washington Post Service

WASHINGTON — A coalition of high-technology companies and organizations announced an advertising campaign Wednesday aimed at enlisting public support for easing federal restrictions on technology that curbs eavesdropping on computer communications.

But sources said the government hoped to defuse criticism of its current stance in favor of the restrictions by saying that it has no plans to seek controls on such data-scrambling technology when used within the United States, and wants to work with the computer industry to find ways to balance privacy concerns with the needs of law enforcement.

The newly formed group, Americans for Computer Privacy, has attracted at least \$5 million in funding, including donations from some of the biggest names in high technology, including Intel Corp., Microsoft Corp., and Cisco Systems Inc.

encryption, as the technology for and helping ensure that U.S. compa- or criminals. locking up data and information is known, is more than a computer industry issue, said Ed Gillespie, who heads the new group. Mr. Gillespie is also president of Policy

Americans for Computer Privacy has attracted donations from some of the biggest names in high technology.

Impact Communications, and was a key strategist behind the "Contract With America," the initiative that Americans for Computer Privacy said its ad campaign aimed to tout not the technology, but its purposes: protecting people's privacy, keep-

nies remain competitive.

out to America and back to Congress," Mr. Gillespie said. In particular, the group supports a bill in Congress, introduced by Representative Robert Goodlatte, Republican of Virginia, that would loosen the government's restrictions on ex-

porting encryption technology.

There are no federal rules that limit how people use encryption technology within the United States. Instead, the government has relied on an indirect lever: controls on the export of technology. Limits on what software companies can export has an effect on domestic products, because companies say they are reluctant to build and support different products

for their U.S. and foreign customers. Law enforcement officials still

worry that if encryption technology becomes widely used within the United States, they will bave a

The group plans to use broadcast ing their medical records and on-and print ads to convince people that line financial transactions secure, munications of suspected terrorists

Vorway to Post

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of Degussa

The FBI director, Louis Freeh, "The message is aimed at getting last fall championed legislative proposals that would make it illegal to use or make encryption technology that would not offer law enforcement officials a way to peck at the encoded material. To opponents, such legislation was a call for domestic encryption controls and a threat to computer users' ability to protect their information.

Some privacy advocacy groups, including the Center for Democracy and Technology, hope that the Americans for Computer Privacy campaign will spur efforts to pass legislation that would squeich domestic controls.

The computer industry "realizes that it can't have the Internet it wants" and growth in electronic commerce "without strong privacy protection," said Daniel Weitzner, deputy director of the Center for Democracy and Technology.

# Disney Loses Its Magic, Pulling Down Stocks

NEW YORK - Stocks fell Wednesday after analysts lowered their profit outlook for Walt Disney, which triggered concern that other earnings will fall short of expectations.

The Dow Jones industrial average closed 45.59 points lower at 8,539.24, pulling back from five straight record-setting sessions. The Standard & Poor's 500 index fell

## U.S. STOCKS

4.68 points to 1,047,34 and losing Exchange.

Disney pulled the Dow lower, fall-ing 3 15/16 to 106 1/16 after two brokerage houses cut their profit estimates on the company, blaming poor theme park attendance, lackluster box office receipts and stepped-up competition for ABC television.

'Disney's guiding estimates lower, and investors are worried that a number of companies will do this," said Tim Ghriskey, a money manager at Dreyfus Corp. "People believe it's not going to be just a few companies, but a bunch of them warning about their profits."

Intel rose 1 3/16 to 861/2, but the chipmaker said after the close of trading that its first-quarter profit would not meet analysts' expectations because of slower sales.

March 4, 1998

minimum-cunts 654 648½ 659% 652 664% 656% 664 698 655 648 67,000 Tuers so

ary bond market also worried stock Tuesday. investors. Although rates dropped slightly Wednesday, the benchmark 30-year issue is now yielding over 6 percent. That makes loans more ex-

The price of the 30-year issue

raise cash to buy shares.

6.04 percent from 6.07 percent

Compaq Computer was the most active issue, falling 1/8 to 29 7/16 after analysts said they were concerned that a steady drop in compensive, squeezing corporate profits puter prices could erode profits for and making it harder for investors to some computer makers.

Microsoft fell 21/8 to 811/8 a day after its chairman, Bill Gates, told a closed up 13/32 point Wednesday, Senate hearing that the world's \$164 million a year ago.
at 101 4/32, taking the yield down to largest software company restricts (Bloomberg, AP)

to some degree - the ability of its Internet partners from advertising or promoting rival Netscape Communications. The Justice Department is probing possible anticompetitive practices by Microsoft. Netscape rose ¼ to 19 13/16.

Kmart rose 1% to 14 13/16 after reporting profit of \$186 million in its fourth quarter, reversing a loss of

# issues outnumbered gaining ones by a 3-to-2 ratio on the New York Stock House Leaders Near IMF Financing Deal

WASHINGTON - Leaders in the House Banking Committee are close to a compromise on legislation to finance the International Monetary Fund and make it more accountable after negotiations with the Clinton administration, committee sources said Wednesday. We're very close to a deal," one source said.

The sources said Treasury officials, including Lawrence Summers, the deputy Treasury secretary, had been working with high-ranking Republicans and Democrats on the legislation.

Dick Gephardt, the House minority leader, said Wed-

nesday that most House Democrats would support President Bill Clinton's request for \$18 billion in additional funding for the IMF.

"Then the Republicans will have to decide whether they want to fund the IMF," Mr. Gephardt said. The House Banking Committee sources said the deal would incorporate reforms proposed by the commit-

tee's chairman, Representative Jim Leach, Republican of Iowa, and Representative John LaFalce, Democrat of It would encourage the IMF to be more flexible in its

economic programs and urge the lending agency to focus more on labor issues. The sources said the compromise may also include

proposals by the second-ranking Democrat in the House, Minority Whip David Bonior of Michigan. Mr. Bonior wants the Treasury Department to create

an advisory panel to review IMF programs as a condition ; for U.S. funding. He also wants the Treasury secretary to report twice a year to Congress about the IMF and Washington's role in its programs. The legislation would stop short of requiring sweeping changes at the IMF. The compromise, once hammered out, will be in-

troduced on Thursday, when the House Banking Committee is scheduled to vote on IMF funding, committee (Reuters, Bloomberg)

**AMEX** 

Yednesday's 4 P.M. Close Sales High Law Latest Chape The 300 most traded stocks of the day, up to the closing on Wall Street. SATISTANDER TO THE CONTROL OF THE STATE OF T ·特殊的外外的 - - ) \$ (特別的時 ) 如此的心情的情况 | 计自然的处理的 (如此的 ) 如此的形形的形式一种的形式的形式的

U. S. STOCK MARKET DIARY

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# INTERNATIONAL FUTURES

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**EUROPE** 

# Clarifies Nex Abuse La Norway to Postpone Gas and Oil Projects

OSLO — The government said in 1998. Wednesday it planned to postpone all oil and gas projects by a year in an unprecedented program to dampen

booming economic growth.

There are big dangers that the economy will overheat," Marit ment of Norway's reserves and are Arnstad, the oil and energy minister, told Parliament. She said the delays, designed to cut 5.2 billion kroner (\$687.1 million) from 1998 invest-The reductions and gas projects.

The government ments of 66.9 billion kroner, would

INDIA:

The reductions affect a total of 12

"The government has decrued to delay investments in all fields under delay investments on year to 1999 consideration by one year to 1999 from 1998," Mrs. Arnstad said. The central bank bas forecast gross do-

# **VEBA** to Acquire Rest of Degussa

FRANKFURT—VEBA AG said Wednesday that its Huels AG chemicals unit would acquire the specialty chemicals maker Degussa AG, ex-· tending the German company's international reach, in a stock swap estimated at more than 5 billion Deutsche marks (\$2.75 billion).

VEBA, an electricity supplier also active in oil and telecommunications, paid 2.9 billion DM in May for a 36.4 percent stake in Degussa, and the companies bad said they were discussing a merger.

Degussa-Huels AG would have about 25 billion DM in sales, rivaling Imperial Chemical Industries PLC for fifth place among European companies in the specialty chemicals sector, analysts said. Its main products would include paint addirives and bydrogen peroxide.

Degussa said the companies must still agree on the values of the companies and exchange ratio for the stocks before the plan can be submitted to shareholders for approval.

The takeover is the latest such deal in the European specialty chemicals industry. Clariant AG of Switzerland bought the specialty chemicals busi-ness of Hoechst AG of Germany last year, while VIAG AG's SKW Trost-German company bought Master

Norway is the second-largest oil exporter in the world after Saudi Arabia, pumping 3.3 million barrels per day. The delays would have a long-term impact on the developunrelated to efforts by the Organization of Petroleum Exporting Countries to prop np sagging oil

Mrs. Arnstad said that, without any curbs, projected 1998 invest-ments in the oil and gas sector would surge to 66.9 billion kroner, which is 13.7 billion kroner above the forecast in the 1998 budget.

She said postponements would benefit oil companies, which she said were having to pay record high rig rates and high salaries because of hortages of specialized labor.

The delay would cut 1999 invest-ments by 11.5 billion kroner, Mrs. Arnstad said, adding that invest-ments in projects tended to be higher in the second year after they start. Mrs. Arnstad said four of the proj-

ects - Norsk Hydro A/S's Fram and Grane; Statoil A/S's Gullfaks satellites: and Saga Petroleum A/S's Snorre 2 — were so big that they would require parliamentary approval.

Saga warned last month that a two-year delay in the project would cut recoverable oil volumes since the reservoir pressure would irretrievably fall. Such a delay would wipe ont 4 billion kroner worth of production, it said.

# Restructuring Takes Toll on Profit at Vickers

LONDON - Vickets PLC said Wednesday that its pretax profit fell to £19.4 million (\$32.1 million) last year from £83.3 million the previous year and warned that 1998 was going to be difficult as it pressed ahead with its restructuring.

Vickers is undergoing a major restructuring to concentrate on jet-engine and weapons manufacturing. It sold its med-ical division in 1997 and is now planning to sell its Rolls-Royce PLC luxury-car business.

After taxes. Vickers posted a loss of £2.2 million, compared with a £56.6 million profit in 1996. Sales were steady at £1.2

Colin Chandler, chairman and chief executive, said the company had a strong basis for growth. "However, given the extent and the nature of the changes under way, the possibilities for overall growth in 1998 will be constrained while the group adapts to its new structure and the strategy put in train in 1997," be said.

Vickers' shares fell 12 pence, to close at 201 pence. Mr. Chandler reiterated Vickers' aim to return cash to shareholders and expand the propulsion and defense businesses through acquisitions, using the proceeds of disposals.
(AFX, Reuters, Bloomberg)

# Russia's Budget Bolsters Hopes for Ruble and Loan

BONN — Boris Nemtsov, the first deputy prime minister of Rnssia, said Wednesday that the passage of the 1998 budget would help prop the ruble and that he expected the International Monetary Fund to give Rnssia a loan in May.

Speaking in Bonn, Mr. Nemtsov hailed the decision of the Russian Duma, or lower bouse of Parliament, to approve a budget that will help narrow the federal budget deficit. The budget is the 'most realistic" so far, he said, and be ex-pected it to help support the ruble. The ruble has fallen since Oc-

tober amid turmoil in emerging fi-nancial markets. It closed Wednesday at 6.075 rubles, little changed from 6.073 on Tuesday.

The country's improving financial picture will enable the Bank of Russia to lower the refinancing rate -or rate commercial banks charge each other to borrow money - by the end of the year, Mr. Nemtsov said.

The bank last cut the refinancing rate Friday, when it lowered it to 36 percent from 39 percent. It was the second cut in less than a month. Michel Camdessus, the IMF's

managing director, said last month that the agency would extend by one year and increase the scale of Russia's three-year \$9.3 billion loan.

The budget's passage Wednesday marked the end of five months of wrangling. Deputies and the government expected a tough battle during the session Wednesday after the initial attempt to pass the long-over-due budget in the Duma at its fourth

and final reading brought confusion and deadlock on Feb. 20.

Bnt passage came after Gennadi Seleznyov, the speaker of the Duma. cut short a debate on amendments by demanding "I ask you to vote for the budget as a wbole."

"The budget is passed, thank you," he said a minute later when big screens showed 252 deputies of the opposition-dominated chamber voted for the draft, slightly more than the 226 needed.

The government bad been leaning on the Duma to pass the budget since October, saying it was crucial for maintaining stable economic growth in 1998.

But late last month President Boris Yeltsin said the draft needed serious gap-filling amendments to take account of the Asian financial (Bloomberg, Reuters)

## Thomson's Profit Tripled Last Year

PARIS - Thomson-CSF reported Wednesday a tripling in 1997 profit, giving the defense electronics firm's new chairman a strong card as he negotiates a big company overhaul

prior to forging European alliances.
Thomson's profit rose to 2.12 billion francs (\$349.3 million) last year from 745 million france in 1996. Sales rose 5 percent to 38.53 billion francs.

Chairman Denis Ranque is ne-gotiating the entry of Alcatel Alsthom SA, Aerospatiale and Dassault Industries SA into Thornson-CSF's capital in exchange for certain key assets, which will give homson extra firepower.

Under a bineprint adopted by the government last year, Alcatel will transfer its space and military communications activities, while Dassault will chip in with assets of the radar and electronic countermeasures specialist Dassault Elec-

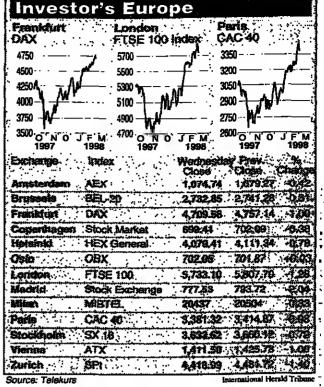
tronique SA. Aerospatiale will con-

tribute its satellites.

Thomson is Europe's biggest de-fense electronics company, in sales terms, and ranks third after Lockheed Martin Corp. and Raytheon Co., but still needs to strike European alliances to stay competitive at the world level. Mr. Ranque said that once the domestic restructuring was over, he would look for European partners.

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### Very briefly:

 Sobieslaw Zasada Centrum, the Mercedes representative: in Poland, will build a car plant in Poland for the Sonth Korean automaker Hyundai Motor Co., Polish Economics Ministry said. The Polish daily Gazeta said the plant would be built for \$66 million at Starachowice, in southern Poland, and would make the Atos model. The Italian carmaker Fiat SpA plans to invest \$500 million in Poland by 2001 to increase production and quality and introduce new car models, the president of Fiat's Polish unit said. And Adam Opel AG, the German unit of General Motors Corp., said it would build an \$50 million auto assembly plant in Russia in a joint venture with AO.

AvtoVAZ, Russia's biggest carmaker.

• The Organization of Petroleum Exporting Countries invited ministers from its 11-nation group to a previously scheduled March 16 committee meeting, boosting oil prices as . much as 1.4 percent on speculation the group will agree to cut.

 Soros Fund Management LLC, controlled by the billionaire financier George Soros, disclosed it had sold 6.59 million sbares in Britain's Energy Group PLC, which is currently the subject of a takeover battle between Texas Utilities Co. and PacifiCorp.

 Cadbury Schweppes PLC reported a 2.8 percent decline in. pretax profit to £575 million (\$949 million) in the 53 weeks. ended Jan. 3, 1998, but the previous year's figures included the contribution to earnings from the group's 51 percent stake in the bottler Coca-Cola Schweppes Beverages, which was sold in February 1997.

· British Airways said it would cancel its three weekly flights to South Korea as the economic slowdown in the region has slowed passenger demand, freeing up aircraft to increase flights to Singapore and Brisbane.

• BICC PLC, the British cable manufacturer, swung to a second-half net loss of £93 million (\$153.6 million) as it took charges to reorganize its business.

# **EU Examines WorldCom-MCI Deal**

BRUSSELS — The European Commission said Wednesday it had opened an investigation into World-Com Corp.'s proposed purchase of MCI Communications Corp. because of concerns about the new company's combined market share in supplies of

Internet backbone services. The commission, which plays the role of competition watchdog for the 15-member European Union, has four months to decide whether to berg AG doubled in size after the clear the deal. Although both companies are based in the United Builders Technologies from Sandoz States, the Commission has the ing time because the Internet bas power to vet any mergers that could suddenly become a rather sensitive

harm competition in the EU. Communications WorldCom said they were confident the commission would approve their deal, which they expect to be completed on schedule in mid-1998.

The commission said its primary concern is the companies' dominant share of the "backbone" networks over which Internet information travels, but said it could not quantify what share of European internet traffic the combined company would control.

"The commission might be buy-

issue," said John Clarke, an analyst at Daiwa Europe. In the United States, at least 40

other companies have the infrastructure to carry Internet traffic, Jim Monroe, an MCI spokesman, said. But in Europe, MCI and WorldCom face 75 percent less competition. While the commission rarely

blocks mergers outright, it often imposes conditions on companies to guarantee more competition. On Wednesday, the commission

cleared the \$33 billion merger of Union Bank of Switzerland and

(Reuters, Bloomberg)

## WORLD STOCK MARKETS

Wednesday, March 4 Prices in local currencies.

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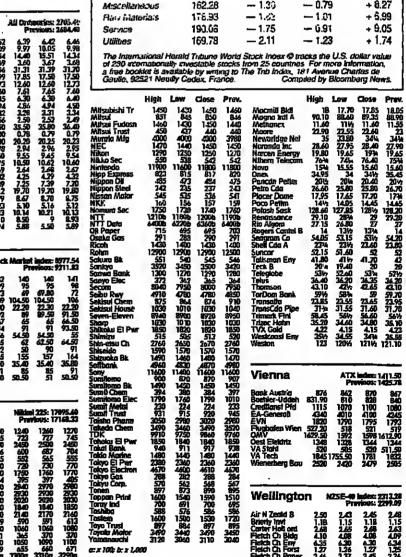
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#### ASIA/PACIFIC

# Japan Banks Cut Back as Bailout Beckons

TOKYO - Several Japanese banks said Wednesday they would reduce their work forces and tighten their businesses to qualify for govemment funding to prop up their weak balance sheets.

To tap into public funds totaling as much as 13 trillion yen (\$103.5 billion), banks need to come up with plans to cut personnel costs, including the number of executives, and reduce the number of their branches.

Dai-Ichi Kangyo Bank Ltd. said Wednesday it would reduce its work force by around 10 percent over the three years beginning April 1. It will also cut its domestic branches by about 10 percent to less than 310 in the same period.

Bank of Tokyo-Mitsubishi Ltd.

safes. "In fact, our machines are

pushed right to the limit — we

A fresh warning bell sounded

simply can't make any more.''

for Japan's banking industry Mon-

day, when Fuji Bank Ltd., one of the nation's largest, had its long-

term ratings cut to one grade above junk status by a U.S. ratings agency, Standard & Poor's Corp.

Confidence in Japan's financial

sector has withered since Novem-

ber 1997, when several compa-

nies, including giant Yamaichi Se-

curities and Hokkaido Takushoku

Bank, one of Japan's 10 largest,

Many other firms, burdened with a mountain of bad debt, are

expected to come under increasing

pressure when annual earnings re-

sults are released later this spring.

ager at one of Tokyo's largest de-

Although he used to sell three to

four a month, volume doubled

from November on and shot up to

ber to 15,000 in February.

collapsed.

assets, said it would cut 1,500 staff and sbut about 40 domestic offices retrenched in those areas regardless curities (Asia) Ltd. 'In many cases, the backs are as a regardless of the backs are as a regardless of the backs are as a regardless. in the next three years to qualify for using public funds.

Other Japanese banks, including were needed to re Sanwa Bank Ltd. and Sakura Bank financial health. Ltd., said they would lay off thou-sands of staff and close branches.

By Wednesday evening, seven of the 18 biggest banks had announced plans to sell preferred shares or bonds to the government to replenish capital depleted through badloan write-offs.

Japanese banks are typically heavily staffed and boast large assets, but they bring lower profits than their Western competitors. Tokyo-Mitsubishi alone has more than 18,000 employees.

of any government program. The analysts said more drastic measures were needed to restore the banks to

Kouya Hasegawa of Nikko Re-search Center, said Japanese banks were planning to lower wages of employees and branch oumbers because they were required to do so under rules set by the committee, rather than through their own initiative.

Analysts say that many of the banks do oot need the money and that the government is making them take it mainly to restore public confidence in a financial system rattled by high-profile bankruptcies, falling profits and scandals.

the banks are going to be receiving taxpayers' money on terms roughly comparable to what they've gotten in the market. And they're doing this solely because the powers that be are forcing the money upon them."
Some lenders are raising their

own funds, even as they take government money. Sanwa Bank Ltd. last month said

it would raise 150 billion yen by selling 50 million preferred shares abroad. That was significant because the government will look at soch fund-raising efforts to decide bow much to charge banks now.

Other banks, including Sumitomo Bank Ltd., have raised capital Bank of Tokyo-Mitsubishi Ltd.

But analysts were skeptical of the world's biggest bank in terms of scramble to meet the bailout rules, ical theater," said Walter Altherr, rities. (Reuters, AFP. Bloomberg)

# Japan's Mr. Yen' **Denies Charges of Influence Peddling**

BANGKOK Sakakibara, Japan's deputy finance minister for international affairs, said Wednesday that allegations he abused his authority were groundless and that he would not resign.

Mr. Sakakibara said "there is oo evidence" he was involved in any influence peddling as some politi-cians charged. "I don't think this will have any impact on my career,

Mr. Sakakibara, touring Southeast Asia to underscore Japan's financial commitment to the financially troubled regioo, spoke at a press conference at Thailand's Finance Ministry.

He is being investigated by Ja-pan's Ministry of Finance on charges he intervened on behalf of a company to help it recoup losses on investments handled by Daiwa Securities Co. in the early 1990s, Finance Minister Hikaru Matsunaga told Parliament on Tuesday.

The allegations were raised in Parliament by Sbozo Kusakawa, an opposition lawmaker who cited his own investigation. "We will investigate, looking at the materials from that time," Mr. Matsunaga said.

Mr. Sakakibara, known as "Mr. Yen" for his infloence on the currency markets, has talked up the Japanese currency in recent months. Any diminishing of his role could reduce

the effectiveness of that policy.
Toshiro Muto, the ministry's sec-Muto said the ministry received a Development Fund. report from Daiwa at out the client's permission.

# Central Bank In Thailand On Defensive

By Thomas Crampton

BANGKOK — The central bank of Thailand on Wednesday denied an accusation that it had been respon-sible for spending billions of dollars last year in a failed effort to prop up a host of financial institutions.

Ministers of the three-month-old overnment of Prime Minister Chuan Leekpai spent had six hours Tuesday questioning the central bank governor, Chaiyawat Wibulswasdi,

trying to determine who anthorized spending the money.
"The Ministry of Finance set policy, but day-to-day decisions were made by the Bank of Thailand governors," said Tanya Sirivedhin, assistant governor of the central bank. "Everything was according to government policy and the Ministry of Finance was informed of all ac-

The bank said that more than 80 percent of the funds had been approved by the government of Prime Minister Chavalit Yongchaiyudh, who resigned in November.

In little more than a year, the central bank built up liabilities of 1.1 trillion baht (\$25.4 billion) — equivalent to one fifth of the nation's gross domestic product — largely to sup-port financial institutions as panicked depositors withdrew their money.

Analysts said the debate between the new government and the Bank of Thailand was a sign that the nation was opening the management of the economy to more scrutiny. Several ministers recommended reorganizing the bank to institute a more transparent structure.

The money loaned by the central bank was disbursed through the Fi- • Cisco Systems Inc. opened its first overseas networking nancial Institutions Development Fund, a separate entity run out of the central bank and led by the governor of the Bank of Thailand.

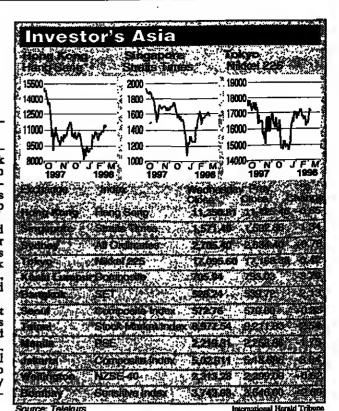
"At that time, the instability and lack of confidence meant there was systemic risk," Mrs. Tanya said. With individual institutions unable to pay depositors, the crisis would affect the whole economy."

Mocb of the money was spent supporting 56 politically powerful finance companies and four commercial banks, all of which the anthorities have closed or nationalized in the last six months,

The loans to the banks have been converted into equity for the most part, and all loans extended to the 56 finance companies are tied up until their assets are anctioned off.

retary general, told Parliament Tuesday that the ministry investigated the allegations in 1991, when the issue was first raised by legislators. Mr. built up by the Financial Institutions

The statistics banks and finance companies.



#### **Very briefly:**

Tokyo prosecutors arrested three former top executives of Yamaichi Securities Co., including the failed brokerage's former chairman and president, oo suspicion of violating Japan's securities law. The three men were charged with ordering false securities reports that omitted losses of more than 260 billion yen (\$2.07 billion) last year.

• U.S. trade officials said Japan had failed to meet the two sides' targets for deregulating its restricted markets during high-level talks in Tokyo.

Japan will appoint a woman, Eiko Shinotsuka, professor of labor economics at Tokyo's Ochanomizu University, for the first time to the policy-making hoard of the Bank of Japan, news reports said.

 Australia's gross domestic product grew a seasonally adjusted 0.5 percent in the last quarter of 1997, below forecasts of a rise of 0.8 perceot.

multimedia laboratory in Taipei to help develop local informatioo and technology industry. Digital Equipment Corp. has taken a 51 percent stake in a

3 million joint venture with START Computer Group of China to make Digital-branded desktops and servers. Development Bank of Singapore Ltd. posted a 34.8 per-

cent fall in 1997 net profit, to 436.4 million Singapore dollars (\$268.6 million), saying its bottom line had suffered from large provisions for bad or doubtful loans.

 Compaq Computer Corp. unveiled in Singapore the Deskpro 1000, the first of a series of low-priced but powerful personal computers targeted at crisis-hit Asian economies and emerging markets.

· Mitsubishi Electric Corp. will stop selling desktop personal computers for bome use in Japan because of poor sales, and has decided to withdraw from the British home-computer market, Nikkei English News reported. Reuers. AFP. Bloomberg

### Texas Instruments to Cut Acer Link

The Associated Press

TAIPEI - Acer Group said Wednesday that Texas Instruments Inc. planned to pull out of its nine-year memory-chip venture with the Taiwan company because of buge losses. Acer with a 49 nercent stake in the venture, s

compensation was paid after the securities company found one of its outstanding that were extended to price. TI-Acer posted a loss of about 4.6 billion Taiwan dollars branch managers made trades with- maintain liquidity at commercial (\$143.5 million) for 1997 due to a drop in the prices for its sole product, dynamic random-access memory chips.

#### Japanese Put Their Trust in Home Safes TOKYO - Shaken faith in banks and record-low interest rates in Japan have prompted a run on home safes. "Demand is so strong right now that all our workers put in at least three bours of overtime every day, and we've had to cancel Saturday vacations as well." said Tsutomu Ishii, a manager at Eiko Yamada, one of Japan's largest makers of

A representative of Eiko Yamada Co., Japan's largest maker of safes, demonstrating one of his company's best-selling modcls. Safes are selling well because of the economic downturn.

last year," Mr. Ishii said. Bank collapses are not the only

fear behind the current boom. Bank interest rates of only 0.5 "Sales of safes began picking up from around the end of Novempercent and memories of the devastating Kobe earthquake three ber last year, and there is no donbt this is due to fears about the fi-nancial system," said a floor manyears ago are also encouraging than 20,000 yen (\$160). people to buy home safes, industry

analysts say. The best-selling models are firegrams, but are about 50 centi-meters wide and 40 high — small enough to fit in the uniest of Ja-"Yon're buying security, bot

rose from 10,000 safes in Novemcustomers were in their 40s to 60s added.

"Profits for calendar 1998 are — "people who finally have a likely to be up 150 percent over little bit of money to spare" although some younger people were buying safes as gifts for their

> While there is no ceiling on prices for top of the line safes, most bnyers refuse to pay much more

"There's always been a feeling in Japan that nobody can protect your valuables but yourself," Mr. proof and weigh 50 to 100 kilo- Ishii said, "and this has only got-

At Eiko Yamada, production pan's famously cramped houses. what's best is that you can do it The floor manager said most without a buge investment," he

### **Announcements**

partment stores.

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# SPORTS Merald Cribune

# WORLD ROUNDUP Surging Knicks Top Nets, 94-91

# Arbitrator Rules In Sprewell's Favor

BASKETBALL Latrell Sprewell, dismissed and suspended for a year far attacking his coach, won both his grievances on Wednesday when an arbitrator ruled that his team must reinstate his contract and the National Basketball Association must reduce his suspension by five

Sprewell will become a member of the Golden State Warriors on July 1.

He was suspended for nne year by the NBA's commissioner, David Stern - the longest non-drugrelated penalty in league history for his Dec. 1 attack nn Coach P. J. Carlesimo. Stern cited the "premeditated" nature of the attack, but an arbitrator, John Feerick, rejected that characterization.

"The evidence indicates that there is no history of both the league and a team imposing discipline for the same violent canduct, on or aff the caurt," Feerick wrote in his decision. "This speaks to the issue of fairness, as I see it."

The reinstatement of Sprewell's contract means he will be paid the remaining \$16.3 million he is nwed over its final two years.

The decision was a resounding victory for Sprewell and the NBA players' union, which argued that the penalties were both unduly harsh and unprecedented, "This decision is a victory that is shared by Latrell and the other 400 members of nur uninn - it reaffirms the sanctity of guaranteed contracts in the NBA," said the nnion's president, Billy Hunter.

### Patriots' Meggett Charged With Assaulting Dancer

FOOTBALL A 33-year-old Toronto woman says that a New England Patriots running back, David Meggett, punched her in the face in an argument over money after she broke off a sexual en-

Meggett, 31, and Steve Brannon, 29, also a professional football player, were charged in Torooto with sexually assaulting the woman, an exotic dancer. Meggett also is charged with robbing her.

In injerviews with Boston oewspapers, the woman, whose name was not made public, gave her account of what allegedly happened last Thursday night and early Friday morning at the Royal York Hotel in Toronto. "punched me in the face from ear to ear like he was a boxer," she said. Meggett's lawyer, Alan Gold,

said the woman had agreed to have sex with both men.

### Yankees Hire a Woman

BASEBALL Kim Ng. director of waivers and records for the American League, was hired Wednesday as assistant general manager of the New York Yankees. Ne became the second female

assistant general manager in the majors, after Elaine Steward, who was hired hy the Boston Red Sox in

Ng, who directed computer operations for the White Sox and aided in preparation for salary arhitration cases from 1990 to 1996. joined the American League in January 1997.

Larry Johnson scored 23 points, Charles Oakley grabbed a season-high 16 rebounds and the New York Knicks shot 20-for-22 from the foul line in a gritty, 94-91 victory over the New Jer-

sey Nets in Madison Square Garden. Allan Honston added 20 points nn Tuesday night, reaching that plateau for the 14th time in 17 games, as the Knicks

#### NBA ROUNDUP

improved to 9-2 since the All-Star break and moved 2½ games ahead of the Nets in the Atlantic Division.

New Jersey, Insing for the sixth time in eight games, lost its All-Star center Jayson Williams, who suffered a pulled abdominal muscle. There was no immediate word on his condition.

The score was 92-91 after Sam Cas-sell, who led the Nets with 19 points and 10 assists, converted a 3-point play with 27.1 seconds left.

Charlie Ward, who had 10 points and eight assists for the Knicks, dribbled to run down the clock and was fouled going to the hoop with six seconds left. He made both shots for a 94-91 lead.

The Nets called a time-out and put the ball in play at half-cnurt, finding Keith Van Horn open at the 3-point line. His shot missed, making him 4-for-14 from the field, and the clock ran out as the ball

Jazz 108, Raptors 93 In Taronto. Shandon Anderson scored a career-high 26 points and Bryon Russell added 21 to lead a 55-point barrage as Utah beat the

Anderson scored 18 in the first half in 17 minutes, Karl Malone scored 18 of his 22 points in the second half and added nine rebounds. John Stockton had seven points and 11 assists plus seven points.

Mayericks 110, Timberwolves 99 Cedric Ceballos scored 22 points as the Mavericks won their second road game in four nights, beating Minnesota.

Shawn Bradley, replaced in the starting lineup by a rookie, Chris Antsey, responded by coming off the bench for 16 points and five blocks.

Kevin Garnett had 21 points and 11 rebounds for the Timberwolves, playing without their injured forward Tom Gugliotta, who is out for the season with an ankle injury. nics 97, Heat 91 Gary Payton

snapped a shooting slump with a deep 3-pointer in overtime as visiting Seantle ended Miami's 10-game winning

Payton, who was only 3-for-13 for 12 points, hit a 27-foot (8-meter) field goal as the shot clock wound down to make it 91-89 with 2:39 to play.

A minute later, Payton drove the lane and passed to Detlef Schrempf for a baseline jumper. Hersey Hawkins finished off the Heat with a hook shot to make it 95-89 with 21.2 seconds left. Hawkins and Schrempf each had 18 points for Seattle. Alonzo Mourning and Voshon Lenard each scored 20 for

Bulls 112, Nuggets 90 In Chicagn, Michael Jordan scored 30 points and Scottie Pippen added 24 as the Bulls struggled for most of three quarters before routing Denver.

Dennis Rodman had 17 rebounds hut was benched by the Bulls' coach, Phil Jackson, late in the third quarter after Danny Fortson, a Denver rookie, overpowered him on three consecutive post moves, cutting Chicago's lead to 75-72.

Pockets 107, Clippers 97 Clyde Drexler scored nine of his 24 points in the fourth quarter and had 11 assists as Honston handed the Los Angeles Clippers their sixth straight road loss.

Kevin Willis added 21 points, while Hakeem Olajnwon scored 18 and had 15 rebounds as he set a Rockets record by appearing in his 1,003rd game.

Trail Blazers 98, Suns 93 Isaiah Rider scored 33 points, including a crucial four-point play with 3:59 remaining, as host Portland survived the secondquarter loss of Damon Stondamire, who sprained his ankle, to beat Phoenix.

The Blazers led by as many as 22 in the second quarter but turned sluggish without Stoudamire. Rider's four-point play put the Blazers ahead for good at

Jason Kidd scored 19 of his 23 in the second half for the Suns. Danny Manning added 15 points.

Pacere 111, Grizzlies 163 In Van-couver, Rik Smits scored 26 points to lead Indiana over the Grizzlies.

Indiana won its third straight despite allowing their highest point total in seven games. The Pacers were coming off back-to-back victories in which they held Portland and Denver to an NBA record-low 122 points.

Antonin Davis came off the bench to score 22, and Reggie Miller scored 20 before being ejected after his second technical fonl with 1:36 left.

Shareef Abdur-Rahim led Vancouver with 27 points, his highest total in 10 games. Bryant Reeves nvercame early foul trouble to finish with 21 points and seven rebounds.



The Raptors' Tracy McGrady snatching the ball away from Utah's Shandon Anderson, left, and John Stockton, but Toronto lost at home.

# Ronaldo's Goal Stops Schalke; Spartak Beats Ajax



Atletico Madrid's Carlos Aguilera, left, stopping the ball with his chest as Aston Villa's Dwight Yorke closed in. Atletico won the match, 1-0.

The Brazilian striker Ronaldo fired Inter Milan to a 1-0 first-leg victory over Schalke of Germany in the quarterfinal of the UEFA Cup while Spartak Mos-cow produced the big upset of the night - a 3-1 victory at Ajax Amsterdam. Ronaldo struck after 17 minutes on Tuesday night at the San Siro Stadium in Milan in a repeat of last year's final.

### THE UEFA CUP

The reams will play the second leg on March 17 in Gelsenkirchen, Germany. Spartak, which has never won a European soccer title, looks almost certain to be in the UEFA Cup's final four. Two goals from Alexander Schirko

and another by Valeri Ketchinov gave Spartak a stunning victory over the Dutch league leader. In the first leg of other UEFA

quarterfinals, Lazio edged Auxerre, 1-0, and Atletico Madrid scored a 1-0 victory over Aston Villa

Ronaldo, who moved to Inter from Barcelona last year, outdribbled two defenders and scored with a powerful left drive from 11 meters. The goal came a few minutes after the 21-year-old Brazilian star had hit the post.

Schalke, which defeated Inter on penalties in last seasoo's final, had chances to tie, and Martin Max hit the post of Inter's goal in the 36th minute.

"We scored one goal and did not allow any. This was our goal for tonight," said Inter's French forward, Ynuri Djorkaeff. "Schalke proved stronger than last year. We can expect a tough second leg.

In Amsterdam, Shirko fired under goalkeeper Edwin van der Sar as he dived for the ball in the 26th minute, after Ketchinov and Maxim Bouznikin set up the play.

Shirko made it 2-0 in the 52d minute on a pass from Egon Titov. Shota Arveladze then scored for

The referee, Guenter Benkoe, turned down Ajax's appeals for a penalty after Arveladze went down, and it gnt worse for the Dutch team when Ketchinov beat Van der Sar with an angled shot late in the game to make it 3-1.

A blunder by Auxerre's goalkeeper, Lionel Charbonnier, handed Lazio a 1-0 first-leg advantage. Charbonnier failed to connect on a pass and PierLuigi Casiraghi fired home Lazio's winning. goal from a difficult angle. The victory before some 30,000 fans

at Rome's Olympic Stadium extended Lazio's unbeaten streak to 17 games since November. But Lazio had to spend the last 24 minutes without its Yugoslav midfielder, Vladimir Jugovic, who was ejected after his second yellow card. In Madrid, the Italian striker Chris-

tian Vieri caused problems for the Villa defense in a one-sided first half, and he put Atletico ahead from the penalty spot three minutes before halftime.

But the English club fought back in the second half, and Julian Joachim and Dwight Yorke both missed chances to even the match.

Elsewhere in European soccer, Borussia Dortmund, the defending champion of the Champinns Cup, took on Bayem Munich on Wednesday night Manchester United, on course for a fifth league title in six years in the English Premier League, traveled to Monaco; Bayer Leverkusen hosted the six-time titlist Real Madrid and Dynamo Kiev visited Juventus of Turin.

In the Cup Winners Cup quarterfinals Thursday, Chelsea goes to Real Betis, AEK Athens hosts Lokomotiv Moscow Vicenza plays at Roda JC and VfB Stuttgart travels to Slavia Prague.

# **Cup Tickets** Are Likely to Stay Scarce

BRUSSELS - Despite accusations of French favoritism, the European Union said Wednesday it had little hope of forcing changes in the allocation of World Cap soccer tickets to allow more foreign fans to watch their teams in person. "It's too bad, but too much has

gone wrong already," said the EU's competition commissioner, Karel van Miert, on the eve of talks. in Brussels with French World Cup organizers oo the issue.

Following a barrage of criticism from many European World Cup qualifying countries that not enough tickets were available for their fans, the EU told organizers to come up

Van Miert has objected to the method of ticket sales, claiming it discriminates against non-French nationals. He has said that too many tickets sold through tour operators were entering the black market in great quantities. Van Miert has also said it was onfair that a phone number to dial for individual tickets works only inside France. Those who buy single tickets must give a French address.

At the talks oo Thursday, the organizing committee will be represented hy its director, Jacques Lambert, and Isabelle Delaye, who is in charge of ticketing.

# The Associated Press

with a fairer distribution system.

The organizing committee for the tournament, which is to take place between June 10 and Joly 12, maintains it is only applying FIFA rules, which allow 65 percent of the tickets to be sold in France.

### SCOREBOARD BASEBALL **EXHIBITION BASEBALL**

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Jersey 46 (Van Horn 9), New York 52 (Cabley

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Miami 59 (Mourning 14), Assists—Seattle 24 (Paylon 7), Miami 25 (Hardowey 11), Dedies 24 25 24 27—110 Miamesofu 20 27 22 30—99 D: Ceballos 9-172-2:22, Davis 6-8:5-6:19; M: Garnett 9-14 4-5: 22, Marbury 6-15:4-5:17; Rebeunds—Dollos 51 (Brodley 9), Miamesofu 31 (Garnett, Marbury 7).

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Ar (Area 11), Portana 33 (Senovis 14).
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I: Smits 10-17 6-6 26. A.Davis 6-9 10-12 22,
Miller 6-11 5-5 26; V. Abdur-Rahim 77.-16 13-14
27, Reseves 10-19 1-2 21. Rebessed—Indiana
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Vancouver 25 (Mayberry 6). EUROPEAN CUP

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Alba Seria 77, PACK Schenika 73
Olympiakas 74, Peritzon Belgrade 78
AEK Athera 76, Cronfa Spitt 46
Benefiton Travisco 81, Olimpija Lijubijana 79
Teuansys, Bologna 94, Maccobi Tel Aviv 93
Efes Pilsen 75, Cibona Zagreb 59 HOCKEY

NHL STANDINGS W L T PS CF CA 38 16 6 82 172 119 30 19 9 67 167 131 26 23 11 63 141 159 18 26 16 52 146 160

Para Period: None, Second Period: B-Alison 25 (Someonov, Kinishch) 2. B-Alison 24 (Christich, McLoren) (pp). Taind Period: B-Someonov 13 (Alison, Khristich) Shebs on goot: B-S-114—22. W- 15-1-7—23. Godies: B-Tolics. W-Kolzig.

N.Y. Islandors 2 8 1—3 First Period: N.Y.-Nemchinov 8 (Luchance, Smollinski) (pp.). 2 N.Y.-Polifty 33 (Reichel) Second Period: P.-Srind\*Amour 26 (Lindres, Therfer) (pp.). Third Period: N.Y.-Reichel 22 (Jonsson, Polifty) (pp.). Sholls on good: P-14-13-8-35, N.Y.-8-9-7-24. Godiles: P-Snow. N.Y.-Solo.
Chicago 1 2 0-2
St. Loeis 1 4 0-5
First Period: S.L.-Demiktu 19 (Mocionis, Courtnatt) (pp), 2 C-Dubinsty 5 (Simpson, Amante: Second Period: C-Softer 13 (Shartz) (pp), 4 S.L.-Bergevin 3 (Demitra. Courtnati), 5 S.L.-Pallerin 7, (pp), 6. C-Amonte 23, 7, S.L.-Campbell 17 (Demitra, Huti) (pp), 8. S.L.-Mapphy 4 (Turgon, Duchsene) Titaria Period: None. Starts sergod: C-10-10-10-30, S.L.-7-12-5-24, Godiles: C-Hacketi, S.L.-McLannon.

S.L. 7-12-5—24. Geolles: C-Hockett, S.L.McLennon.
Temps Bay
0 1 0—1
Colgary
1 1 4—2
First Period: C-Sillman 19 (Fleury, Thou)
Second Period: T-Tucker 5 (Sellvanov,
Dythub) 3, C-Albetin 2 (Fleury, Nylander)
(pp). This Period: None. Storts on gent: T-5-8-13—26. C- 12-7-3—22. Geolles: TFitaputrick, C-Roloson.

SOCCER **UEFA CUP** 

**QUARTERFINALS** FRET LEG

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TRANSITIONS

SASTRALL AMERICAN LEAGUE

BOSTON—Signed RHP Rich Garcies, RHP

Joe Hudson, LHP Denek Lowe. LHP Rom

Mathay, RHP Britan Rose, RHP John Wasdin

ond CScott Hatteberg. Renewed contracts of
RHP Kerry Lacy and 38 Anytimedez Pozo.

NATIONAL LEAGUE
CHICAGO ROOWED CONTROLS Of 3B Kevin
Orle, RHP Jeremi Gorzolez, RHP Teny
Adoms. RHP Kurt Miller, and C-INF Tyler
Hossion.
Del gogono. Sporks from Witmipeg, NL.
PHILADELPHIA Agreed to terms with 38

from injured fist. Put C Charles Janes on injured list.

POOTEALL

NATIONAL POOTEALL

CHICKNATI—Signed LB Jerry Discretty to
2-year contract.
DERVER—Agneed to terms with QB Doug
Nussmeler on 1-year contract.
KARSAS CITY—Named Lional James runs
ring backs couch, and Brian Schoffenheimer
offenheime assistant and quality control couch.
MLAMI—Signed S Brock Marion to 3-year
contract. Resigned OL James Brown to 5year contract.

year contract.

All MESOTA - Agreed to terms with RB,
Robert Smith on 5-year contract.

SAN FRANCISCO - Wolved RB Terry Kirby.
Signed DB Morio Bradley, DE Jeff Posey, DB
Tyrane Smith and DT Carlos Thomson.

WASHINGTON - Signed G Rod Allistedd.

BOCKEYY
MATICINAL MICRESTY I FAMILE.

NATIONAL HIGGINEY LEAGUE COLORADO—RECORED O Wode Beick from

COLORADO—Recalled O Worde Belak from Hershey, AHL.

DALLAS—Put C Bob Bessen, O Deriod-Holches LW Dave Reid and II Sergel Zubov en Injured reserve list. Recalled D Petr Brank and D Bred Lutworksh from Michigan, IHL.

MONTREAL—Recessioned LW Martin Ho, henberger to New Orleans, ECHL.

N.Y. BANGERS—Serf D Eric Coints to Hotl-ford, AHL for conditioning, Recessioned F. Jesus II Inform to Martin Martin Conditioning. han Lindborn to Horsford, Recasted C P.J.: Stock from Horsford. Stock from Hartford.

VANCOUVER—Traded O Grant Ledyard to
Boston Bruins for 96 eighth-round draft pick.

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# **SPORTS**

Baseball Heroes Doby, First Black in AL, Is Going To Hall With Another MacPhail

By Murray Chass
New York Times Service

Larry Doby followed Jackie Robinson by only 11 weeks in helping to break baseball's color barrier, but it took him 6 years to join him in baseill's Hall of Fame. Lee MacPhail, on the other hand, needed only 20 years to join Larry MacPhail as the first father and soo to be admitted to the Hall.

Doby, whose I3-year ma-or league career lasted three years longer than Robinson's, and MacPhail, who held nearly every executive posinon except commissioner in a 45-year career, were among four men elected Tuesday by the Hall of Fame's veterans

Also elected were Bullet foe Rogan, a Negro Leagues player, and George Davis, a forgotten turn-of-the-century

'It's kind of like a bale of shoulders and now it's off," Boby, a New Jersey resident, eaid after receiving the news at the home of Don Newcombe, the former Brooklyn Dodgers' pitcher, in southern

MacPhail, a resident of at his winter home in Delray Beach, Florida, when he was Dodgers, Dohy said: informed of the veterans committee vote

"It's a great thrill for me; I can't quite believe it," he said. "My whole working life was baseball. Baseball was so great to me and my whole family." Doby, MacPhail and Doo Op Tickets

Writers Association elected will be inducted into the Hall in Cooperstown, New York, on July 26.

Doby, 73, won election over Orlando Cepeda, Dom DiMaggio and Bill Mazer-oski. The former outfielder, who currently is a special assistant to the American League president Gene Budig, had received support from the committee last year, and at least 10 of its members decided it was Doby's time. A

75 percent vote was required.
Doby, who had a career .283 batting average playing primarily for the Cleveland Indians and the Chicago White Sox, also apparently benefited from baseball's celebratioo last seasoo of the 50th anniversary of the end of the unwritten ban oo black

Although Dohy's statistics were not overwhelming --- he hit 253 home runs and drove in 970 runs — committee members felt he was equal in importance to Rohinson.

Doby, who had a cancerous kidney removed last Oc-tober, credited the Indians' owner Bill Veeck with helping their revolotionary venture succeed.

Referring to New York's Long Island, was Rickey, who signed Robin-dent of the American League for the Brooklyn

"Mr. Rickey had to have ers' labor body. courage. So did Mr. Veeck, "I was never hot Mr. Veeck more so be-cause he wasn't thought of in oer," MacPhail said. "That hot Mr. Veeck more so bethe same vein as Mr. Rickey. Without him, 1 never would have been successful."

Doby, who made his helped set up some Orioles Sotton, whom the Baseball American League debut on pennants.



Larry Doby followed Jackie Robinson by 11 weeks.

July 5, 1947, after playing made it easier for him to control his temper. "When you're 22 years old, you don't know too much about rurning the other cheek," he said.

MacPhail, 80, had remarkable credentials for selection to the Hall.

In a career that began in Reading. Pennsylvania, in 1941, he served as president and geoeral manager of the Baltimore Orioles, baseball administrator in the commissioner's office, general manager of the Yankees, presiand head of the Player Relatioos Committee, the own-

'I was never a general was a disappointment. Bot the last trade I made was the best trade I ever made and

MacPhail referred to his four seasons in the Negro trade for Frank Robinsoo beleagues, said that Veeck, fore the 1966 season. Seven years later, MacPhail was the first general manager George Steinbrenner had as owner of the Yankees.

MacPhail was American League president for 10 years, then became the owners' chief labor executive in 1984.

As a member of the management negotiating team, he had been instrumental in settling the 50-day players' strike in 1981, and he was effective again in 1985, as the lead oegotiator, in averting a lengthy work stoppage.
MacPhail's father, Larry,

who was elected to the Hall of Fame in 1978, ran the Cincinnati Reds, where he pion-eered night baseball in 1935; the Brooklyn Dodgers and the Yankees. His son, Andy, is president of the Chicago Cubs, and his grandson, also known as Lee, is the Cleveland Indians' scouting director.

# Penn Unable to Hold That Tiger

By Thomas George New York Times Service

PHILADELPHIA - No Ivy League team had stayed within 10 points of Princeton. None had weathered the Tigers' sharp shooting and crisp passing. None could cootend with their switching defenses.

None could beat them. Pennsylvania certainly tried.

Penn collapsed in the first half, soared in the second and then wilted to Princeton in overtime, 78-72, before 8,722 frenzied fans here Tuesday night in the cozy Palestra. Pennsylvania (17-12; 10-4 in the Ivy League) finished its regular season with spirit and with grit and put a scare into Princeton and its fans. But Princeton, the nation's No. 8-

ranked team, showed why this has been one of its most special seasons. Its record is 26-1, and its league mark 14-0; it becomes only the 10th team to reach a 14-0 mark in Ivy League history.

It won a school record 26th game. It has won 19 consecutive games now; the last Princeton team to do that was the 1924-25 squad. Princeton heads to the NCAA tournament full of confidence and tested to the peak. And victorious in that test - a team full of staying power and mental toughness.

Pennsylvania.

Princeton won the first half on the strength of center Steve Goodrich, who finished with a game-high 33 points. It won the second half on the back of forward Gabe Lewullis, who finished with 18 points. And then it used the 1-2 punch of both to win in overtime.

In the first half, Pennsylvania looked dead. It looked teotative and did oot take advantage of its inside game and watched the Tigers more than it shoved them aside in falling behind, 37-24.

In the second half, however, Penn

made it a game. A hot one. A good one. It forced the action. It fed the ball inside, oudging Goodrich and inducing him into foul trouble. And it made more shots. Late in the half, it had made 12 of 20 floor shots and 10 of its 12 free throws. It made only three turnovers and that helped the

Pennsylvania won the second half, 42-29, and forced the game into a 66-66 tie and into overtime. The final few minutes of regulation were frenetic. It looked great for Penn in the final seconds when it got three shots - including two close put-back attempts where the third try finally fell. Guard Matt Langell scored the basket and Penn

led, 66-65, with 40 seconds left.
But there were 12.1 seconds left when the Tigers ran their famous backdoor play and sprung free forward James Mastaglio. He missed the basket, was fouled and then hit his first free throw. Game tied at 66-66. He missed the second, however, and Penn raced down with the final shot of regulation. Its best attempt proved to be an off-balance try that had little chance and off to overtime both teams weot. Penn's chances there proved even more futile.

For Princeton's coach, Bill Carmody, the victory was especially sweet. He became only the seventh coach in Division I history to win 50 games in his first two years. And he is oow a perfect 28-0 in Ivy League games.

# **Butler and South Alabama Win Titles**

Butler did it. So did Valparaiso. And South Alabama, too, but with more in-

trigue.
For the second straight season, the Botler Bulldogs and South Alabama Jaguars played their way into the NCAA tournament by winning conference tournaments. Valparaiso, meanwhile,

COLLEGE ROUNDUP

made it three consecutive NCAA berths with a 67-48 victory over Youngstown State oo Tuesday night in the Mid-Cootineot Conference title game.

At Green Bay, Wisconsin, Matthew Graves scored 18 points and Otis Frazier added 17 as Butler beat Wisconsin-Green Bay, 70-51, to win the Midwestem Collegiate Conference title.

face of the shooter every time they turned," Butler's coach, Barry Collier, said after his Bulldogs (21-10) held the

Phoenix to 32 percent shooting.

At Moline, Illinois, Valparaiso (21-9) got 16 points from Bill Jenkins and 15 from Jamie Sykes in its victory over Youngstown State (20-9) to become just the eighth Divisioo I school to win at least four straight conference tournaments. Kentucky holds the record with

seven in a row. "I've enjoyed the ride," said the Valparaiso coach, Homer Drew.

At Lafayette, Louisiana, Toby Madison hit a 12-foot jumper with 40 seconds left as South Alabama (21-6) held off Southwestern Louisiana, 62-59, in a furious finish in the Sun Belt Conference tournament final. The Jaguars withstood

a 17-3 run that pulled the Ragin' Cajuns even at 59-all with 1:07 left.

Also, No. 8 Princeton, which clinched the lvy League title and an NCAA berth Friday night, beat Penn, 78-72, in overtime in their final regularseasoo game.

Elsewhere, Eastern Michigan beat Ball State, 93-92, in overtime, and Miami, Ohio, beat Kent, 64-59, in the semifinals of the Mid-American Conference tournament.

Howard beat Bethune-Cookman, 79-77, in the first round of the Mid-Eastern Athletic Conference tourney.

In first-round games at the WAC meotand Tulsa defeated Brigham. Young, 59-56; SMU topped Colorado State, 76-71; San Diego State beat-Wyoming, 60-57, in overtime, and UN-LV defeated Hawaii, 64-59.

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# Salo's 34 Saves Give Islanders a Victory

Tommy Salo redeemed himself after poor outing hy stopping 34 shots to lift the New York Islanders to a 3-1 victory over the Philadelphia Flyers.

Salo, who started his 12th straight game Toesday night, admitted he was not at his best in New York's 5-4 loss Sunday to the Bostoo Bruins, but it was his goaltending that helped stop a three-

NHL ROUNDUP

game losing streak for the Islanders and extend their home unbeaten streak to

five games over the Flyers (4-0-1). New York got goals from Sergei Nemchinov, Zigmund Palffy and Robert Reichel. Rod Brind'Amour scored for Philadelphia.

Garth Soow stopped 21 shots for the Flyers. Soow was chosen to start after Roo

Hextall lost for the fifth time in six games in a 4-3 loss Mooday night in New Jersey. Bruins 3, Capitals 0 Jason Allison had two goals and an assist, and the Bruins'

saves as visiting Bostoo beat Washington.

The triumph allowed Bostoo to

backup goaltender, Roh Tallas, made 23

stretch its unbeaten streak to four games (3-0-1) and jump over the Capitals and idle Montreal Canadiens into fourth place io the National Hockey League's Eastern Conference. It was the second straight time the Capitals were shut out. They were beaten 3-0 oo Sunday hy Buffalo.

Sergei Samsooov added a goal and Dimitri Khristich had three assists for the Bruins, who won despite playing with only five defensemen. But Washingtoo, which has dropped five straight games and is winless in six, could oot

Blues 5, Blackhawks 3 Pavol Demitra had a goal and two assists as host St. Louis continued an offensive surge with a victory over Chicago.

The Blues have been making things comfortable for Jamie McLennan, the replacement in goal for the injured Grant Fuhr. St. Louis has scored 16 goals in his three starts since Fuhr went down for a month with a knee injury in the first game following the Olympic break and has a nine-game unbeaten

streak (7-0-2). St. Louis, which got three power-play goals, has won five of six overall. Demitra has two goals and six assists in his last four games for the Blues. Flames 2, Lightning 1 Tommy Albelin, who last scored oo Nov. 20 against the Florida Panthers, recorded his secood goal of the season to lift

Calgary over visiting Tampa Bay. Albelin broke a 1-1 tie at 12:31 of the secood period, with the Lightning's Stephane Richer in the penalty box for interference and misconduct.

Tampa Bay's Darcy Tucker tied the game at 1-1 early in the second period. Calgary's Cory Stillman scored his 19th goal of the season and 100th NHL career point at 11:39 of the first oo a setup from Theo Fleury.

■ Stars' Rookie Goalie Honored

Roman Turck, the Dallas Stars' hackup goaltender, is the NHL's rookie of the mooth, The Associated Press re-

Turek woo all three games he started last mooth, posting a 0.67 goals-against average with a .972 save perceotage. In 16 games this season, the 27-year-old Czech is 9-5-1 with a .909 save per-

The Stars' goalies — Ed Belfour, Turek and Emmanuel Fernandez have a combined 1.94 goals-against average, tops in the league.





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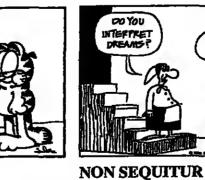


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# The Art of Leaking

WASHINGTON—O.K., TV networks in the country.

But after dinner I realized hang out. I know Sidney Bluhe was much more than he menthal, Ken Starr's key wit- seemed to be. Under the table ness in the Whitewater case. he handed me a clipping from It was Blumenthal who The Washington Post saying

told reporters, "A river runs through it.'' 1 can't claim that Sidney is intimate friend of mine. I never played golf with him. nor did I ever

ask him to get my daughter a job.

didn't look like someone who would leak White House stories to the press — but then again, leakers never look like stuff on the other side," I told they are supposed to.

I didn't give Sidney the respect I should have because I didn't realize he would be- velope. "There are clippings come famous someday as a in there from The New York source of information to some of the top publications and

#### Piccolo Teatro Gains 'National' Status

Agence France-Presse

MILAN — The Piccolo Teatro, founded hy the late Giorgio Strehler, has risen to the rank of national theater, Italy's culture minister, Walter Veltroni, has announced.

Next Monday, the theater - wbose new venue was finally inaugurated in January after protracted wrangling administrators, Veltroni said. Local officials, who have controlled the theater's finances, had opposed the transformation into a national theater, saying they feared the consequences of state again, if I don't get immunity,

that several of Starr's lawyers

were nerds. "Where did you get this?" I asked

"I can't tell you," he said.
"But for beaven's sake don't tell anyone I gave it to you." During the lasagna course Blumenthal slid an article from The Wall Street Journal under my plate. It revealed that while Starr was still a But I did meet him once at a special prosecutor he was Georgetown dinner party. He making a million dollars a

him. "I missed this in the

He handed me a brown en-Times and the London Daily Mirror concerning Starr's claim that he has the First Amendment on his side. We'll hang him with that

I stuffed the envelope into my pants. I was so excited I couldn't eat the brownies the hostess served for dessert.

That's the only time I saw Blumenthal, hut I have a terrible fear he told the grand jury what he leaked to me. If things continue as they have been, I'll be called next.

My preference is to take the over finance — is expected Fifth Amendment against to be given a new board of self-incrimination, but that could hurt my friendship with Sidney.
Maybe I'll name other

newspapermen who think Starr is engaged in a rightwing witch hunt. But then maybe I won't

# Stanley Crouch: Verbal Assault in First Degree

By Paul Hendrickson Washington Post Service

NEW YORK — Stanley Crouch will assault You right up front with advertisements for himself. Thus, the first sentence in the introduction of his new book: "I want to keep the velocity of my exchange with the world at a high pace because I am now at a point where I feel right in the middle of our time, our era, our age." The self-regard gets a lot more rank than that This is a 250-pound literary bull, and, like Mailer in his prime, and Herningway before, he is anort-ing and pawing and thrashing around in the word-gates, daring you to dislike him. Why, he'll buck

He tends to savage anybody. He once called Toni Morrison a writer with "no serious artistic vision or real artistic integrity." He said Spike Lee was a "nappy-headed Napoleon." He said Malcolm X was "the chief black heckler of the Civil Rights Movement." While his enemies -and there are plenty of those — claim that the targets of his attacks are overwhelmingly black and liberal, the closer truth and inspection of his work suggests that he's an equal-opportunity

All in the name of improving America, mind you. For at bottom, Stanley Crouch, the writer and jazz aficionado, thinks of himself as a bu-

insists. "It's a matter of telling the truth." His fame-moment in America seems clearly here. He is a contributing editor to the New Republic. He is a twice-a-week

columnist for the New York Daily News. He is a founder of the Jazz at Lincoln Center program. He appears as a panelist on "The Charlie Rose Show." Five years ago they laid a MacArthur Foundation "genius" grant on Stanley Crouch.
Pauline Kael, one of his many fans and current blurbists,
thinks of him as "almost scarily fearless" in being ahle to
say what be thinks across all color faults and ideology

divides. And yet, reading him, watching hia moves, one gets the disquieting sense that Stanley is mostly about Stanley. It's as if he's discovered there's gold in them that hills: cutting people badly and wittily.

In his new collection of essays, aptly titled "Always in Pursuit." Crouch tells ns Madonna got "farnous for appropriating every slut direction possible." He calls Alex Haley's "Roots" a "despicably fraudulent work that cashed in on the Black Power appetite for African ancestry." O.J. Simpson? At the time of the murders be "was handsome, charming, violent, and illiterate." Christopher Darden and Marria Clark? "Those two — pressed by tabloid goes in into Marcia Clark? "Those two — pressed by tahloid gossip into uncorroborated copulation — made sure they weren't walking home broke after this one.

And then there's Princess Diana, our homage of whom in



Crouch has unexpected opinions on a wide variety of subjects and people.

and jazz aficionado, thinks of himself as a bumanist, wishing only to bring us together. He would goad us
to be better — that's his take. "It's not a matter of being
combative." the 52-year-old cultural-cum-political critic
insists. "It's a matter of telling the truth."

death last September, be says, was sickening. Really, it's we
who are to be despised. Because, after all, the empty,
vainglorious girl was but "that prize of the paparazzi who
insists. "It's a matter of telling the truth." her life away in a smashed np luxury car as the photographers licked her blood with their flash bulbs." Snch tabloidperfect riffs are pure Crouch. He's an intellectual, all right, hut he likes it down there, where it's noir and dirty.

And yet, in the Diana piece, before he wrote that gaudy sentence, be wrote these sentences, which are not only true and lofty but beautiful: "Blood accounts for nothing. It doesn't guarantee brilliance or courage or sacrifice or anything of substance. It doesn't guarantee that you won't have any of those qualities either. Exceptional people are mysterious. They come from any place and every place, which is what our democratic conception fundamentally recognizes."

In a way, you could say that of the writer himself, who is up from the hardness of south-central Los Angeles, self-made, without a college degree, with a mother who endured and a father who put the needle in his arm and lived in

penitentiaries instead of at home.

"I was closing in on 300," he says. He means pounds. But he's on a diet now — not that you'd know from the meal he just ordered in this crampy-trendy West Village café, around the corner from where he lives with his wife of several years, Gloria Nixon, a sculptor. (He has dedicated "Pursuit" to her, and the dedication takes up 15 loopy lines.)

Crouch first got America's attention with his writings on mean? I don't have small designs.

jazz. But he has widened the lens to write about almost anything now. For years he was a wellknown contrarian and provocateur and staff writer at the Village Voice—until that day in the office in the late '80s when he punched out a fellow writer. The cops were called. The next day he potcanned. It's a rather small but famous moment in New York journalistic history.

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Somehow, he seems to have ended up being friends with most of the former Voice colleagues he either baited or threatened to slam against a wall. "I remain fond of him," says the senior editor Robert Christgau, who used to edit a lot of his pieces. Christgan remembers their first en-counter. The novelist Jamaica Kincaid had written an essay on Diana Ross. "He called me up and threatened to throw me out the window for

publishing this piece," Christgau says.

Christgau thinks that one of the keys to understanding Crouch is that "there's always a certain kind of presentation of self in black street culture." But that once you get past the posturing and literary brawling, there's a charming guy inside, a pretty humanistic one, in fact. The incident that precipitated the canning at

the Voice was an argument over rap. Crouch thinks gangsta rap is one of the current plagues on America. It's created some kid millionaires and studio mega-millionaires at a terrible cost to the rest of us. "When anarchic, brutal, selfabsorbed violent attitudes are projected as if they're O.K.," be says, trailing off. He despises "that kind of protracted rudeness, that kind of touchiness" that you see everywhere

ont there on the street nowadays. For much more than a decade now, Crouch, known as a world-class talker, has been supposedly "finishing" the big landmark novel titled "First Snow in Kokomo," and the

even bigger landmark bio of Charlie Parker. That one, begun around 1982, is reported to have gone through three different publishing houses.

But are these projects — along with his much-talked-of and in-progress TV miniseries history of jazz — really talked out, talked over, in the way Capote kept promoting and promoting, but apparently hardly ever wrote a lick of Answered Prayers'?

Bull. He's heard the theories that be can't finish the big

Bull. He's heard the theories that be can't finish the big ones. "They say that," he says, smiling. But then, more softly: "Well, the basic thing is, quite frankly, no." Then, "They're going to be surprised." He says the Parker book will finish this year, he has 400 pages.

The mini-series on jazz will be "mythic. Not true. Mythic." How's that? "Well, like John Ford did the cavalry," he explains. He intends to place the American Negro (he almost defiantly seems to employ the word "Negro" rather than "hlack") in his rightful place as part of American myth, right there with such icons as the Alamo, the frontiersman, the Civil War. "I have hig designs — you know what I mean? I don't have small designs."





Sean Connery and his wife, Micheline, at Time's party. the priority of the evening. As guests military airport in Warsaw. The

IN the crowded lobby of Radio City Music Hall in New York, the Rev-Music Hall in New York, the Reverend Jerry Falwell chuckled and whispered into Muhammad Ali's doing a television interview. Time to Jackson violated "good management," hut Mayor Marcin Swiecicki said he would appeal. ear. A few feet away, Lee Iacocca was launched in 1923 by two Yale and F. Lee Bailey smiled for a photo op. Staring down from the balcony Hadden, as "a brief, readable above, Sharon Stone posed in a chronicle of significant events." zehra-striped dress, not far from Louis Farrakban. President Bill A British interfaith leader has taylor fell Friday—her 66th birth-day—at her home and originally came in and said to me, 'Who is not here?'" said the diplomat Richard

A British interfaith leader has won the \$1.2 million Templeton Prize for Progress in Religion. Sir here?' '' said the diplomat Richard Sigmund Sternberg, executive Holbrooke. Well, Pope John Paul committee chairman of the Inter-II, for one. And Queen Elizaheth II. national Council of Christians and for another. Both declined their invitations. But if Time magazine's Jewish-Christian dialogue and his goal was to attract a helping of A-list establishment last year of the Three celebrities to celebrate its 75th an- Faiths Forum to expand interfaith niversary, it succeeded. Time editors efforts to include Muslims. had insisted that the gathering was intended to celebrate leadership and great leaders rather than serve as a glossy promotional event. But still, seemed little doubt that celebrity more than substance was

A Polish government commission has come out against Michael Jackson's plans to huild a \$500 million amusement park at an old

arrived, Dr. Jack Kevorkian posed commission said offering the airport

Elizabeth Taylor will spend several more days in a Los Angeles Nicholson and other clients out of hospital after doctors found a com- more than \$2 million was sentenced

found the fracture. No surgery was planned, Taylor's publicist said.

An art dealer who swindled Jack

#### Cameron Wins Producers' Award The Associated Press

BEVERLY HILLS, California — James Cameron won the producer of the year title for "Titanic" at the minth annual Golden

Laurel awards ceremony of the Producers' Guild. The awards recognize television and feature film producers. The producers of "Amistad," Steven Spielberg, Dehhie Allen and Colin Wilson, received the Kodak Vision Award bonoring "producers of vision," and Ken Burns received the television equivalent for 'Lewis and Clark.'

Clint Eastwood was honored with the lifetime achievement award in motion pictures.

was diagnosed as having bruises of Todd Michael Volpe was "living the back and hip, but doctors later high, wide and handsome" while he defranded 16 people between 1991 and 1995. Volpe was also ordered to make restitution.

Andy Warhol's 1967 portrait of Nelson Rockefeller went on display at the state office complex in Albany, New York, that was built while Rockefeller was governor. The portrait is on indefinite loan to the state from his wife, Happy. from 1958 to 1973 and vice president from 1974 to 1977, died in 1979 at age 70.

Members of the Grateful Dead announced that they would reunite under a new name, the Other Ones, and play about 30 dates in June and July with Rusted Root and Hot Tuna. There will be no replacement for Jerry Garcia, who died in August 1995 at the age of 53.





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